

**Measuring and Determining a Need for Industrial Relations Management Skills
and Policy within ABC (Pty) Ltd.**

A Research Report

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by

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DECLARATION

I, Mark Patrick Stevenson, hereby declare that:

- The work in this thesis is my own original work;
- All sources used have been documented and acknowledged; and
- This paper has not previously been submitted in full or partial fulfilment of the requirements for an equivalent or higher education at any other recognised educational institution.

MARK PATRICK STEVENSON

7th MAY 2012

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Completing my dissertation has represented both the culmination of what I have learned over the three years of study and the final step in obtaining my degree. It has been both rewarding yet extremely demanding of my time and energy. While I ponder the often immense commitment that I made in pursuit of my master's degree I realise that this would not have been possible without the support and understanding of my family, friends and work colleagues.

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ABSTRACT

The effective management of labour relations since the industrial age has become both necessary and complex. With the introduction of employee unions, globalisation of skills and the rapid rate at which modern technological advancements are being made effective employment management has more than ever become necessary for the achievement of organisational harmony and corporate competitiveness. This research investigated the need and requirements for the development of a suitable labour relations policy and also investigates the importance of training managers in the skills necessary for achieving harmonious employment relations. The research considered the complexity of the subject through the evaluation of theoretical frameworks, and expert opinion in the form of a literature review. This subject was researched further within ABC (Pty) Ltd. through employee surveys, management interviews and organisational data collection. Key findings of this research indicated that employment policy formulation was a complex subject encompassing organisational human resource policy, human needs and management styles. The need for training resonated strongly in the findings with only 18% of all employees surveyed agreeing that managers were suitably skilled in labour relations management and only 6% agreeing that human resource policy and practice had no effect on harmonious employment relations. Research findings further indicated that management labour skills affected employment mediation referrals by as much as 81%. Human resource policy was considered a fundamental foundation in the development of suitable labour policy, including the consideration of the legal and human aspects within the organisation and the need for employee collaboration in their development. Effective employment relations had a clear correlation with organisational performance indicating that suitable employment policy not only affected the realisation of harmonious employment relations but that the failure to develop human resource policies which were collaborative could significantly influence organisational competitiveness and performance.

KEYWORDS

Collaboration, training, policy formulation, harmonious relations, management style, motivation, human resources, competitiveness, skills, stakeholders, legislation, compliance

TABLE OF CONTENTS

DECLARATION.....	i
ACKNOWLEDGMENTS.....	ii
ABSTRACT.....	iii
KEYWORDS.....	iii
TABLE OF CONTENTS.....	iv
LIST OF ACRONYMS.....	vii
LIST OF FIGURES.....	viii
CHAPTER 1 - INTRODUCTION AND BACKGROUND.....	1
1.1 TOPIC.....	1
1.2 PROBLEM IN CONTEXT.....	1
1.3 PROBLEM REVIEW.....	2
1.4 PROBLEM STATEMENT.....	4
1.5 RESEARCH OBJECTIVES.....	4
1.6 BUSINESS CASE FOR IMPORTANCE AND BENEFITS OF STUDY.....	4
1.7 LIMITATIONS, DELIMITATIONS AND ASSUMPTIONS.....	5
1.7.1 Limitations.....	5
1.7.2 Delimitations.....	5
1.7.3 Assumptions.....	5
1.8 LITERATURE REVIEW.....	6
1.9 RESEARCH DESIGN CONCEPTS.....	8
1.9.1 Research Approach.....	8
1.9.2 Population and Sample.....	9
1.9.3 Data Collection Method.....	10
1.9.4 Reliability.....	11
1.9.5 Validity.....	11
1.10 CHAPTER DIVISION.....	12
CHAPTER 2 – THEORETICAL FRAMEWORKS.....	13
2.1 INTRODUCTION.....	13
2.2 ANALYSING ORGANISATIONAL PERFORMANCE WITHIN THE CONFINES OF LABOUR AND RESOURCE MANAGEMENT.....	15
2.3 CONSIDERING THE COMPLEXITIES IN ACHIEVING HARMONIOUS EMPLOYEE RELATIONS.....	19

2.4	MANAGEMENT PRACTICES AND THEIR EFFECTS ON LABOUR AND WORK ETHIC	24
2.5	CHAPTER SUMMARY	28
CHAPTER 3 – LITERATURE REVIEW		31
3.1	AN OVERVIEW OF LABOUR RELATIONS MANAGEMENT	31
3.1.1	Defining Employment Relations	31
3.1.2	Defining the Key Role Players in Labour Relations	33
3.1.3	Contemporary Issues Influencing Labour Relations, Practice and Policy	35
3.2	DEFINING HUMAN RESOURCE MANAGEMENT AND RATIONALISING THE COMPLEXITIES IN MANAGING PEOPLE	40
3.2.1	Defining the Role of Human Resource Management in Relation to Industrial Relations	40
3.2.2	Human Motivation within the Context of Labour Relations and HRM	44
3.3	THE PURPOSE OF POLICY AND THE NEED FOR TRAINING AND DEVELOPMENT WITHIN ORGANISATIONS	46
3.3.1	Policy Suitability and Purpose	46
3.3.2	Defining the Importance of Training and Development within the Modern Organisation	49
3.4	CHAPTER SUMMARY	51
CHAPTER 4 – RESEARCH DESIGN AND METHODOLOGY		53
4.1	INTRODUCTION	53
4.2	RESEARCH APPROACH AND METHOD	54
4.2.1	Research Approach	54
4.2.2	Reliability	56
4.2.3	Validity	57
4.2.4	Generalisability	57
4.2.5	Triangulation	58
4.2.6	Primary Risks	58
4.3	DATA COLLECTING METHODS	58
4.4	SAMPLING	59
4.5	ETHICAL ISSUES	62
4.6	ANALYSIS OF DATA	63
4.7	LIMITATIONS OF THE STUDY	64
4.8	ASSUMPTIONS OF THE STUDY	66
4.9	CHAPTER SUMMARY	66

CHAPTER 5 – DATA ANALYSIS AND FINDINGS	68
5.1 INTRODUCTION.....	68
5.2 ANALYSIS AND FINDINGS OF THEORETICAL FRAMEWORKS.....	69
5.2.1 Policy Formulation and Development	69
5.2.2 Management skills and Training	72
5.2.3 Criteria for Harmonious Labour Relations.....	73
5.3 ANALYSIS AND FINDINGS OF LITERATURE REVIEW.....	75
5.3.1 Policy Formulation and Development	75
5.3.2 Management skills and Training	79
5.3.3 Criteria for Harmonious Labour Relations.....	80
5.4 ANALYSIS AND FINDINGS OF RESEARCH DATA.....	80
5.4.1 Employment Survey Questionnaires.....	80
5.4.2 Manager Interview Questionnaires	84
5.4.3 Organisational Documentation Review and Data Collection.....	87
CHAPTER 6 – CONCLUSIONS AND RECOMMENDATIONS	90
6.1 INTRODUCTION.....	90
6.1.1 Conclusions of the Theoretical Frameworks	90
6.1.2 Conclusions of the Literature Review	91
6.1.3 Research Conclusions	92
6.2 SUMMARY OF CONCLUSIONS.....	93
6.3 RECOMMENDATIONS.....	94
REFERENCES.....	95
APPENDICES	98
Exhibit E1	98
Exhibit E2	99

LIST OF ACRONYMS

β – Beta denotes a variable in mathematics

ERP – Enterprise Resource Planning

HR – Human Resource

HRM – Human Resource Management

ILO – International Labour Organisation

IR – Industrial Relations

LMRP – Labour Management Resource Practices

LRA – Labour Relations Act

N – Number

P-Value – A probability value

RBV – Resource Based View

R-Sq. – A percentage of measure between 0 and 100

SHRM – Strategic Human Resource Management

SME – Small to Medium Enterprises

3PL – Third Party Logistics Provider

α – Alpha, used to denote significance

σ – Sigma, the covariance matrix of a set of random variables

μ - Represents the mean in normal distribution

LIST OF FIGURES

Chapter 2

Figure 2.1 – The Link between Resources, Capabilities and Competitive Advantage

Figure 2.2 – Interrelationship between Contingencies

Figure 2.3 – Maslow's Hierarchy of Needs

Figure 2.4 – Forces Influencing the Evolution of Organisational Structure

Figure 2.5 – Likert's Four Systems of Management

Figure 2.6 – A Model of Employee Behaviour

Chapter 4

Figure 4.1 – Simple Random Sample Calculation with Binomial Data

Figure 4.2 – Simple Random Sample Calculation with Binomial Data

Chapter 5

Figure 5.1 – Coded Summary of Employee Survey Results

Figure 5.2 – Manager Training on Labour Relations/Employee Survey Results

Figure 5.3 – Human Resource Policies and Practice and the Achievement of
Harmonious Relations/Employee Summary Results

Figure 5.4 – Management Training Requirements/Employee Survey Results

Figure 5.5 – Coded Summary of Manager Interview Results

Figure 5.6 – IR/HR Policy and Practice Understanding/Manager Interview Results

Figure 5.7 – Management Training Requirements/Manager Interview Results

Figure 5.8 – IR/HR Policies and Practices Promote Harmonious Employee
Relations/Manager Interview Results

Figure 5.9 – Normality Test

Figure 5.10 – Fitted Line Plot

CHAPTER 1 - INTRODUCTION AND BACKGROUND

1.1 TOPIC

Industrial relations management has become a highly litigious issue at ABC (Pty) Ltd. over the past five years, resulting in employee conflict and strained labour relations.

1.2 PROBLEM IN CONTEXT

ABC (Pty) Ltd. was established in 1988 with the purpose of offering ERP (Enterprise Resource Planning) consulting services to SME's (Small & Medium Enterprises) within its immediate geographical location of Eastern Johannesburg in Gauteng, South Africa.

The organisation at the time consisted of five staff members, the two founders and three ERP consultants, and, until late 2000, operations were conducted out of small premises in Boksburg. In early November 1999 the Managing Director of ABC (Pty) Ltd. was approached by the then Financial Manager of a start-up telecommunications operation in Tanzania requesting the implementation and monthly support of their ERP system, a product and service that was at the time offered by ABC (Pty) Ltd. This telecommunication operator was a large South African business and Tanzania represented their first venture into Africa. The opportunity was significant for ABC (Pty) Ltd. and became the catalyst that would change business operations indefinitely.

This opportunity represented large increases in revenue for ABC (Pty) Ltd., but at the same time required correspondingly large increases in the human resources necessary to meet the increasing business demands. The service levels offered by ABC (Pty) Ltd. were well received and with the increased business opportunities that came out of Africa, ABC's own growth rate tripled over the next couple of years.

An organisation that once consisted of only five staff had grown to near one hundred in less than four years. In addition to ERP consulting services ABC (Pty) Ltd. had diversified into business consulting, training and 3PL (Third Party Logistics)

services. This growth and diversification resulted in many employees moving up the ranks considerably faster than would normally have occurred. In many instances managers that had traditionally overseen a couple of professional people within the ERP consulting industry were suddenly managing as many as twenty skilled, low skilled and semi-skilled individuals. This sudden growth meant managers with limited, and in some cases no skills in industrial relations were faced with a diversity of labour issues ranging from disciplinary enquires to conflict resolution and strikes. Due to the rapid transformation within ABC's organisational structure, many new recruits were enlisted under the recruitment criteria of the past, meaning few of the managers had the necessary skills and exposure that were required to manage diverse human resources and deal with a labour intense portfolio. These limitations in industrial relations skills often lead to staff conflicts, de-motivated employees and hampered organisational productivity.

Company policy formulation and development pertaining to labour relations were, and still are lagging; this and the limited knowledge that managers have, make dealing with the continuous challenges of labour relations management within their portfolios difficult. ABC (Pty) Ltd. also conducts operations in foreign countries with differing legislation, dissimilar laws and in many cases cultural diversity that affects labour practices. This diversity in its business operations has resulted in many of the past and current labour policies being unsuitable and not aligned with foreign laws. As a result effective labour relations management within ABC (Pty) Ltd. has become a contentious issue, affecting company performance, morale and harmonious employee relations.

1.3 PROBLEM REVIEW

Industrial relations at ABC (Pty) Ltd. from 1988 to approximately 2000 were for the most part unthought-of; no records or documentation existed to indicate that any events even occurred.

Staff relations were conducted very much on a one to one basis and should any of the three consultants feel aggrieved for whatever reason, organisational structures and processes were so simplistic that most problems were informally dealt with as they occurred, causing little disruption to operations and limiting conflict.

The culture of the organisation prior to 2000 was one of a 'small family' which still resonates in many of the strained labour relations issues being experienced in the organisation today. With large changes to both employee numbers and the company service portfolio, practices of the past became difficult to sustain. Managers began coming into conflict with staff due to a poor understanding of labour laws and protocols. Conflicts have arisen from incorrect disciplinary actions being taken and, in some instances managers have been found dismissing employees without any formal process being followed, breaching legislature and bringing the company into disrepute. This has resulted in unwanted re-in statements, financial losses and damaged employment relations. The policies and procedures pertaining to industrial relations are largely fragmented within the organisation, partly due to the speed at which the organisation expanded and diversified. In some cases managers have developed their own protocols for dealing with labour issues, resulting in disparity between the practices of different managers. These disparities are identified by employees and result in further labour disputes.

Recent events within the organisation have also resulted in grievances being dealt with incorrectly. These grievances have been raised around contentious issues such as sexual harassment, victimisation and disputes with management. Often no formal process was followed and grievances were not resolved, which has affected management credibility, de-motivated staff and resulted in the resignation of valued resources. Some events have resulted in pressure from governmental organisations. Many of the managers involved in these situations indicated that they were not sure what action to follow and were uncertain about company protocols relating to these circumstances, and chose, in some cases to rather ignore the situation in the hope that it might sort itself out.

Diversities in both business type and geographical location meant that there were differences in laws and labour practices. These differences have in some instances been overlooked, resulting in incorrect legislation being followed in pending labour disputes. Poor industrial relations practices have resulted in four unwanted reinstatements, adding head count and increasing costs of operation. Disputes have effected production, especially in the logistics division of the organisation, hampering timely deliveries and affecting customer service levels. In addition these re-

instatements have tarnished managements perceived competency and resulted in a loss of respect between the staff and management. Two competent and well respected consultants have resigned due to a failed management grievance resolution, and a large scale strike in Tanzania due to employee grievances not being addressed almost cost the business one of its key contracts.

1.4 PROBLEM STATEMENT

The training of managers inanappropriatelabour relations management policy is critical for harmonious labour relations at ABC (Pty) Ltd.

1.5 RESEARCH OBJECTIVES

- To determine what experience and training managers currently have in industrial relations management.
- To determine what training and skills managers require for the improvement of their industrial relations competencies.
- To research the minimum requirements for an appropriate labour relations management policy and,
- To investigate best practice labour relations within the industry and establishnecessaryskills and training requirementsfor managers.

1.6 BUSINESS CASE FOR IMPORTANCE AND BENEFITS OF STUDY

This research offers insight into the importance of achieving cohesive and sustainable working relations that will promote the future development of workable practices associated with industrial relations. It will help in determining present management experience and future management training needs and will assist in determining the skills necessary to support the development of improved labour relations between management and staff.It will assist in identifying actions necessary to reduce direct and indirect costs associated with poor labour practices, through identifying differences in current organisational practices and best in industry practices. Furthermore it will assist in determining the framework for the development of suitable company policy related to industrial relations.

This research will also assist in promoting overall company awareness in relation to labour management practices and the importance of developing sustainable and

collaborative labour policies and practices that are in the interest of both the organisation and employees.

1.7 LIMITATIONS, DELIMITATIONS AND ASSUMPTIONS

1.7.1 Limitations

Although every effort will be made to ensure that this research is conducted as comprehensively and objectively as possible, the following limitations might hinder this research.

- Limitations in sample sizes used for relevant surveys and questionnaires due to time constraints;
- Limitations in the access to all necessary data for the completion of the research and
- Limitations in the access to a suitably diverse group of managers due to their geographical disbursement.

1.7.2 Delimitations

The research will be limited to determining the requirements for an appropriate labour relations management policy and will not include the development of this policy. Furthermore the research will include the identification of current management competencies and make recommendations on training and skills required, but will not include the development of training programs. In addition the research is limited to the skills and training relevant to industrial relations management.

1.7.3 Assumptions

The following assumptions have been made in this research.

- The research respondents will be available and willing to participate in this research;
- all respondents will complete questionnaires honestly and comprehensively during the research;

- access to and the availability of documentation will be achievable during the research process;
- that the data collected will be sufficient to support the hypothesis;
- that the research methodology will suitably support the research objectives;
- that survey and interview post-coding and pre-coding will be suitable for data calculation and consolidation.

1.8 LITERATURE REVIEW

Securing employee adherence to work place rules and company policies is one key antecedent of successful coordination and functioning within organisations. It is important for companies to be able to motivate effectively, and encourage rule following behaviour among employees (Taylor, 2005: 1287). This highlights not only the significance of having formal organisational policies but also how policies and rules act as the foundation for successful coordination and functioning within the organisational environment. The mention of motivation as opposed to enforcement holds some relevance here. In other words rule following and adherence needs to be motivated and not necessarily enforced. This is an interesting perspective when one considers the idea of rules and policy.

Taylor (2005:1288) further raises the question of whether businesses can effectively engage in the internal regulation of employee behaviour; and if so what strategies should they use to best achieve that objective. In other words, the question raised is not merely whether there should be formal policy implemented to govern employee practices and behaviour but also what this policy or policy strategy should look like. Taylor (2005: 1288) points out that recent corporate scandal has evoked a heightened concern among members of the public, government officials, and business leaders, both about whether business can regulate the conduct of their employees and how to effectively secure employee adherence to corporate rules and policy.

This reiterates that the development of formal policy is not the only challenge facing organisations but there is also the problem of achieving adherence and compliance to these developed policies, rules and practices. Therefore Taylor's (2005) perspective raises two particular points of interest; firstly the importance of developing suitable

formal rules and practices and secondly the importance of achieving legitimacy and compliance to these developed protocols.

When considering the need for training within organisations Olaniyan and Ojo (2008: 328) mention that the main objectives of staff training and development are to improve the qualities of the trainee and the formulation of the objectives for different needs and ways of achieving it. They further conclude that the training objective is very important because it determines the design and content of training programmes. In other words, these authors reiterate that the importance of training is to promote the trainees understanding of the topic, while ensuring that training objectives determine training scope. In other words training must not merely become superficial but have a clear purpose. This purpose must define the design and scope of the training needs within the organisation.

Da Silva (2008: 22) makes reference to the need for a sound industrial relations system, stating that this system is one in which relationships between management and employees (and their representatives) and the state are more harmonious and cooperative than conflictual and create an environment conducive to economic efficiency and the motivation, productivity and development of the employee; as well as generating employee loyalty and mutual trust.

Da Silva (2008: 23) concludes that a sound industrial relations system requires a labour management relations policy (LMRP) and that there are many specific objectives of such a policy, all of which go to make up the policy at a national level. The following are some of the objectives of such a policy, employment and job security, increased employment opportunities, raising standards of living through improved terms and conditions, productivity improvement, minimizing conflict and achieving harmonious relations. Da Silva (2008: 22-23) highlights the benefits of labour policy formulation and reiterates the need for such policies in order to achieve harmonious employee relations within the organisations. However more importantly Da Silva (2008) believes labour policy should progress beyond the concept of merely discipline and rule adherence to a level of relationship and productivity improvement.

Liao, Chang, Cheng and Kuo (2004: 26) mention that in human resource management, social exchange theory suggests that human resource activities affect

the development of employee trust. The good design of human resource activities to build trust can improve organisational effectiveness, as is cited by (Whitener, 1997).

Liao *et al.* (2004: 26) further point out that human resource practices, such as labour relations have a social factor and that this relationship has some significance when formulating human resource practices and policy. This gives consideration to the fact that policy formulation is more complex than merely formulating a set of rules or procedures that employees must adhere to.

Cronje, Du Toit, Marais and Motlatla (2003:235) mention that several factors influence the way an organisation's human resources are managed. One such factor is the legal environment, and in particular, those laws that are applicable to people in organisations. They further point out that the impact of legal issues is so complex that line managers and human resource professionals should have a comprehensive understanding of these laws. This supports Olaniyan and Ojo's (2008: 328) perspective on the importance of training, and substantiates the need for suitable understanding, especially when considering the legal implications of labour law within the business environment.

Pandey (2007:2-3) states that a good relationship between employer and employees is a basis for the development of industrial democracy. Industrial harmony brings about greater co-operation between workers and management which ultimately results in better production that leads to the economic progress and prosperity of the country. The primary objective of labour management relations is to bring about good and healthy relations between the two partners in industry – labour and management. The correlation between harmonious labour practices and organisational productivity is evident here. In other words good industrial relations are likely to contribute to improved organisational performance amongst other things.

1.9 RESEARCH DESIGN CONCEPTS

1.9.1 Research Approach

The research will be addressed through the application of two specific research strategies namely; descriptive research and exploratory research. Coldwell and

Herbst (2004: 9) reference Zikmund (2003) who mentions that the major purpose of descriptive research, as the term implies, is to describe the characteristics of a population or a phenomenon.

Cooper and Schindler (1998) highlight that through exploration, researchers develop concepts more clearly and established priorities develop operational definitions which improve the final research design (Coldwell & Herbst, 2004:10). The descriptive research approach will aid in establishing what characteristics within the population samples exist focusing on, 'who', 'what', 'when' and 'where' questions around training and policy requirements. The exploratory research will focus more specifically on determining the, 'what' and 'how' portion of the research: what defines a suitable labour policy, how does one determine this policy and more specifically what policies and management skills contribute to harmonious labour relations. This research will include the application of both quantitative and qualitative methods, in other words a mixed methods approach. Quantitative methods will be used more specifically in analysing/collecting secondary data and qualitative methods will be used in analysing/collecting primary data. Both however will be used when deemed necessary for the determination of research objectives.

1.9.2 Population and Sample

Coldwell and Herbst (2004: 74) referencing Webster (1985), states that a sample provides a finite part of a statistical population. The properties of this sample are studied to gain information about the whole.

Coldwell and Herbst (2004:74) further mention that the purpose of sampling is to draw conclusions about populations from samples and that in order to do this inferential statistics must be used. This enables one to determine a population's characteristic by directly observing an enumeration (a census) of the population for many reasons. This refers more specifically to economy, timelines, the large size of many populations and inaccessibility and the fact that one should be aware of the dangers in sampling, specifically inaccuracies and unreliability of samples. The sample population for this study will include managers and employees within ABC (Pty) Ltd., as well as company data from other organisations. These population samples will enable the collection of information relevant to employee and

management perspectives around labour relations and will offer suitable data for the determination of skills, practices and opinions.

1.9.3 Data Collection Method

The data gathering tools will include documentation review, survey questionnaires and interview questionnaires. Surveys will be used for collecting employee information and interviews will be used for further collection of data from managers. This system will allow data collection suitable for obtaining relevant information at each level and ensure cross validation. Sample size will be based on calculated confidence interval levels. It is envisaged that a 95% confidence interval level will be achievable for the collection of survey data pertaining to employee and management data collection. A 65% confidence level will be aimed for on organisational information data collection due to the large population and limited time frames. These are however conservative estimations and might require adjustment at a later stage.

A questionnaire is essentially a systematic instrument for the collection of data, which ensures consistency by requiring that everyone is asked the same question (Charlesworth, Lawton, Lewis, Martin & Taylor, 2001:51). A survey questionnaire will be used for the collection of information at employee level. This method has been chosen mainly because surveys are completed anonymously and are inexpensive and easy to analyse. In addition surveys will offer a suitable method for collecting primary information specific to current management skills and future training needs, addressing the first three research objectives. An interview is used when wanting to fully understand someone's impressions or experience, or learn more about their answers to questionnaires (Coldwell & Herbst, 2004: 48).

Interviews will be used to address the first two objectives, offering a suitable method for further collection of data and will help with an in-depth understanding regarding training needs and current skills amongst managers. Interviews will support further discussions and assist in clarifying answers from questionnaires supporting detailed data collection. Documentation review is used when one requires an impression of how a programme operates without interrupting the programme. This is obtained from review of applications, finances, memoranda, and minutes of

meetings.(Coldwell & Herbst, 2004:48). Documentation review will be used to address objectives three and four, and has been chosen due for its effectiveness in understanding how a program works without interrupting the operations of the organisation being studied.

The documentation review will be effective in determining historical information and current information regarding policies and practices. This method will ensure suitable data is collected for the purpose of analysis. The information required for determining policy and practice will need to be untainted by opinions and perspectives as far as possible, and for this reason it is believed that data will be effectively collected through the use of documentation review, limiting but not eliminating differences in opinion.

1.9.4 Reliability

Reliability is concerned with eliminating, as far as possible, the bias that can creep in to results. If other researchers can come up with similar findings, this means that findings are more likely to be reliable (Charlesworth *et al.* 2001:51). Test-retest reliability will be used to determine overall questionnaire and interview reliability. This will be achieved by replicating questions within the survey and questionnaire through the utilisation of different rhetoric. Questions will be testing the same response but within a different syntax or construction of the wording. These predefined questions will be known to the researcher and will be compared to ensure similar selection choice, thereby checking for repetition in answer selection.

1.9.5 Validity

Validity is usually discussed in terms of internal and external validity. Internal validity refers to the validity of the findings of a particular study *per se*, or, in other words, the extent to which the hypotheses are supported by the available evidence. External validity refers to the capacity to generalise findings to other similar situations and contents (Coldwell & Herbst, 2004:17).

Validity will be ensured by addressing the four validity issues as specified by Coldwell and Herbst (2004:18). This will include:

- Face validity, preliminary survey questionnaires will be conducted, and these results will be vetted against a score chart to determine the effectiveness of the measurement prior to determining the final questions and their suitability.
- Content and construct validity will be achieved by conducting a comparative assessment against similar studies and literature in order to determine viability of content and,
- Criterion validity will be achieved by collecting and reviewing similar research questionnaire surveys in an effort to validate response content. This content will be assessed against the preliminary content and necessary adjustments will be made to ensure reliability is achievable.

1.10 CHAPTER DIVISION

- Chapter 1 outlines the problem and presents the business case for research.
- Chapter 2 examines the problem in terms of theoretical frameworks dealing with the analysis of organisational performance within the confines of labour and resource management, including the complexities in achieving harmonious employee relations and management practices and their effects on labour and work ethic.
- Chapter 3 presents a literature review covering an overview of labour relations management, human resource management and the complexities in managing people, and the purpose of policy and the need for training and development within organisations.
- Chapter 4 defines the research approach and methodology that will be used and applied within the research. This chapter covers research methodology, research sampling, validity, reliability and data analysis.
- Chapter 5 presents the analysis and findings of the research descriptively and graphically.
- Chapter 6 outlines the conclusions and recommendations of the research, identifying necessary steps and actions that management should consider in addressing the research statement.

CHAPTER 2 – THEORETICAL FRAMEWORKS

2.1 INTRODUCTION

Justifying the need for improved industrial relations management skills within ABC (Pty) Ltd. seems clear when evaluating many of the current practices within the organisation. At first glance, and considering much of what has been discussed within chapter 1 of this research paper, there is a clear need to improve both labour management skills and labour policies.

However the complexities of labour relationship management, human resource management and how they relate to organisational performance cannot be understated. In other words, one finds that organisational practices and policies play a significant role in company performance due to the intrinsic link between how people relate to the organisation and how that relationship in turn impacts performance and the management of employee relations.

Budd (2010:5) mentions that the three objectives of employment relations are: efficiency, equity and voice.

- Efficiency is the productive, profit-maximising use of labour to promote economic prosperity;
- Equity is fairness in the distribution of economic rewards, the administration of employment policies, and the provision of employee security;
- Voice is the ability of employees to have a meaningful input into workplace decisions.

Delta Publishing (2006) in an article titled '*Understanding and Managing Organisational Behaviour*' highlights that an organisation is defined as a collection of people who work together to achieve a wide variety of goals. Organisational behaviour is defined as the actions and attitudes of people in organisations.

The above authors make reference not only to the contributing factors and subsequent outcomes of labour management, but also to the complexities when determining policies, practices and strategies involved in labour management. Not only do employee relations affect organisational performance, but significantly

contribute towards the achievement of a harmonious management-employee relationship that is necessary for businesses to operate effectively. In other words, we find that labour relations are highly interconnected with organisational performance and human resource productivity. Consideration must therefore be given to these factors when forming policies and evaluating practices. Furthermore it must be considered that these practices do not take place in isolation but are interlinked with other practices, policies and cultures within the organisation.

Budd, (2010:27) points out that the critical issues in human resource and industrial relations can be largely summed up as follows;

- Growing market disparities.
- Problems of low-wage workers trying to move out of poverty and support families.
- Corporate pressures for cost control, quality, and flexibility to compete in a global information-rich economy.
- The need to educate individuals as lifelong learners because of ever-changing technologies.
- Problems of work-life balance, especially for working mothers. This stresses the competing agendas that are in flux when considering both labour policies and the overall management and development of labour and human resource strategies, as well as highlighting the basic needs and motives that drive labour relations.

The research hypothesis reiterates the need to both improve labour skills amongst managers and determine the necessary requirements for a suitable labour relations policy in order to achieve harmonious relations. However the complexities involved in validating this hypothesis require further analysis in order to determine underlying and contributing factors. Management practices and organisational policies must be developed with this in mind. Chapter 2 will delve into the complexity of these factors in pursuit of further understanding.

The focus of this chapter will be to analyse organisational performance within the confines of labour management and furthermore understand the complexities between effective labour relations and organisational performance. This also includes

the unravelling offactors that might contribute to the achievement of better relations between management and employees, and the complexity involved in developing suitable management labour policies, as well as understanding their effect on human resource performance, work ethic and organisational goals.

2.2 ANALYSING ORGANISATIONAL PERFORMANCE WITHIN THE CONFINES OF LABOUR AND RESOURCE MANAGEMENT

The resource-based view (RBV) promoted by Prahalad and Hamel (1990) and their notion of core competence has emerged as an approach which explores an important set of ideas about how organisations achieve competitive success. At the core of the RBV is the assumption that the critical difference between organisations, irrespective of whether they are in the same industry or sector, is the bundle of assets that they possess and the way they make use of these assets. In a departure from traditional (neo-classical) economics, this approach assumes that organisations are intrinsically different from one another, i.e. firms are heterogeneous rather than homogeneous. In order to assess the sources of heterogeneity we need to look inside the organisation by focusing our attention on the firm's assets, i.e. its resources and its ability to co-ordinate and manage them (capabilities). Attention is given not only to the tangible and intangible assets that organisations possess but to the skills and know-how that is often taken for granted (Bakhru & Gleadle, 2005:7).

What we find in this theory is that organisational capability is strongly correlated with internal resource capabilities, such as the tangible, intangible and human. For the purpose of this research paper the key area of focus will be on the human resource aspect of the model.

The relationship between resources, capabilities and competitive advantage is illustrated in figure 2.1, adapted from Grant (2005:139). The aim of referencing this model is to understand further ABC's current practices and more specifically to determine what practices and/or policies are required to improve resource performance and by virtue thereof, organisational performance, motivation, and communication, while achieving higher levels of synergy and harmony between management and employees.

If it is accepted that the primary goal of any organisation is to achieve long term sustainable economic growth while creating wealth and security for all stakeholders, then it can safely be accepted that all actions or inactions taken by management should be made with these objectives in mind.

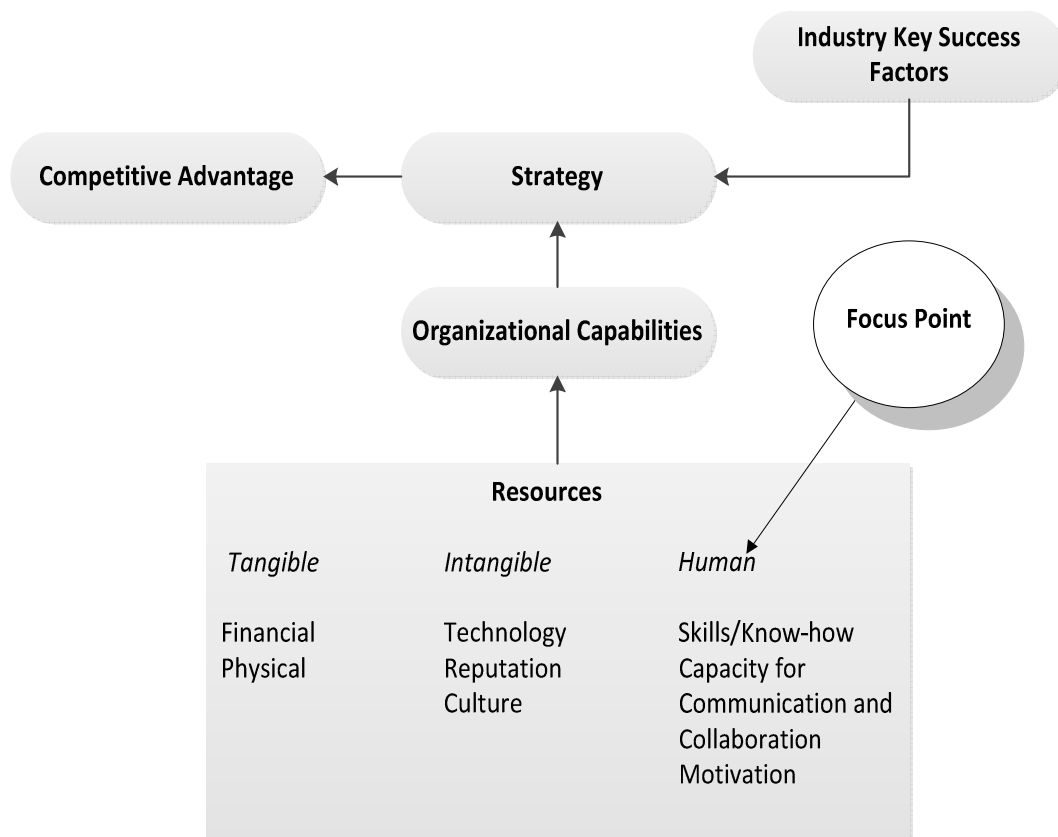


Figure 2.1 The Link between Resources, Capabilities and Competitive Advantage (Adapted from Grant, 2005: 139).

With this understanding the approach to managing labour is of some significance within any organisation, and more specifically within ABC. Poor labour practices and poor labour policies will inherently affect human performance as well as overall organisational performance. What needs to be determined is what extenuating factors can be associated with labour practices and policies within ABC. Identifying these factors will assist in developing suitable policies and practices.

It becomes apparent that labour relations and labour policies not only play a role in managing performance, but more notably, if not suitably defined might hinder good

performance. However it is prudent to consider that relations are all too often a by-product of other practices. For example differing labour practices and differing approaches to labour could very well be linked to poor communication and collaboration within the organisation. No clear communication protocols were identified during discussions with the human resource department and no clear communication and collaboration was mentioned between management and labour. Therefore even with suitable labour practices poor communication and limited collaborative associations might worsen relations between management and labour when implementing new policies and practices subsequently, affecting organisational performance. If the training and skilling of managers on a suitable policy is necessary for achieving harmonious labour relations then certainly one must consider factors that might further affect these practices and policies.

When exploring Grants model (2005), one is able to evaluate factors that contribute towards organisational performance and rationalise these factors against labour practices and policies; for example, how are employees motivated within the organisation and what affect will poorly motivated employees have on the pursuit of harmonious relations outside of the confines of a suitable labour policy driven by suitably skilled managers? If ABC conforms to a poorly structured communication model and, in addition, employee needs, desires and motivations are not collectively considered as contributing factors in achieving harmonious labour practices, it is unlikely that redeveloped labour policies with newly skilled managers will have any lasting impact in achieving sustainable, harmonious employee relations.

Therefore the complexity of developing a labour policy and skilling management to achieve harmonious relations has significantly deepened. When considering these factors within the context of ABC one is better able to determine the extent of their complexity in relation to the research hypothesis.

- Motivation can be seen as the force that drives behaviour in a particular direction. Part of the managerial role is to arrange conditions so that the members of the team are motivated to exert their energies in a way that meets organisational objectives. Needs, values and goals can be seen as the building blocks of motivation (Stapleton, 2003:125-129).

- Communication is an essential part of most aspects of management. Whenever one discusses a problem with colleagues, interviews a potential employee, conducts an appraisal interview, discusses a change initiative with those one manages, or investigates customer needs, one needs to communicate effectively (Cameron, 2003:7). Cameron mentions some of the basic aspects of communication, however communication and collaboration in so far as it impacts labour and labour relations is significantly more relevant. Communication within the context of labour plays a vital role in both determining labour negotiations and the extent to which management collaborates with employees for the achievement of organisational goals. Factors that resonate strongly in the ABC scenario are subjective management ideals. Historically incorrect practices and cultural ideologies often creates the, us and them approach to communication.

What this signifies is a need to consider how new labour policies and a change in practice will be communicated within the organisation and, more importantly, the extent that labour will be involved when determining these policies and practices, which is a vital step in achieving acceptance and conformance to these new practices. Traditional practices at ABC have displayed limited and poorly defined patterns of communication. Policies and practices that are developed or changed without the collaboration of employees are likely to have a little chance of success.

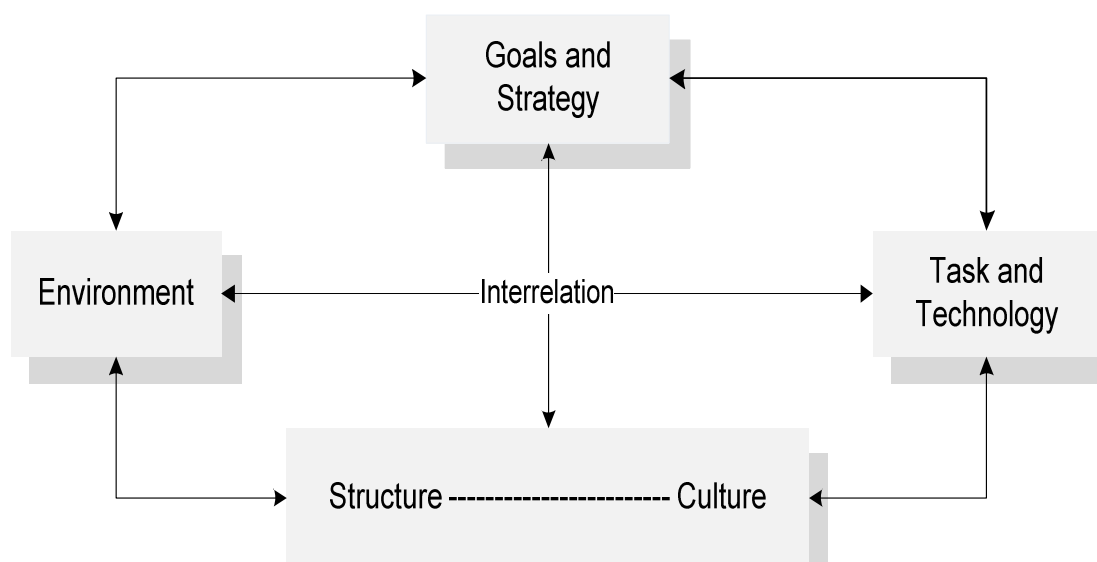


Figure 2.2 Interrelationships between Contingencies. *Source Adapted from Cameron (2003, in Open University, 2005).*

Cameron's model (2003), figure 2.2, depicts the relationship that exists between the various components of a business and how all components are ultimately interrelated. When considering this model in regard to the research statement one finds some relevance. Structure and culture appear highly integrated and will play a part in determining labour relations, due to this relationship. However the environment, job type and technology will in many cases determine labour and hence have an effect on labour relations. For example ABC's Tanzania operation generally has a lower level of skill available with less aggressive unions. In addition the work is different resulting in differences in employee type when compared to South Africa.

How this affects labour relations has some significance for the organisation. Better or worse relations in Tanzania versus South Africa or the difference between consulting versus logistical services could be due to this interrelation. This in turn means that policies and training might need to differ considerably as a result of these relationship differences.

2.3 CONSIDERING THE COMPLEXITIES IN ACHIEVING HARMONIOUS EMPLOYEE RELATIONS

The achievement of harmonious labour relations might be considered by many to be an ideal more than an achievable reality. For the most part harmonious labour relations are a continuous process and not a static result. For this reason policies and practices need to be developed in a manner that will support this continuous pursuit. To further comprehend the complexities in achieving harmonious labour relations an understanding of the fundamental views of labour must be obtained as these views and their respective assumptions form the basis of what drives management and labour needs and objectives. By defining these needs one is able to better determine the requirements of harmonious labour relations.

The labour problem of the early 20th century – low wages for long hours of dangerous work under autocratic supervision and periods of insecurity – can be traced to four possible underlying causes namely; market failures, poor management, unequal bargaining power between employers and individual employees, or the domination of labour by the capitalist class (Budd, 2010:40).

This according to Budd(2010:40) has led to four different schools of thought; mainstream economics, human resource management, industrial relations and critical industrial relations. Furthermore, Budd (2010:40) mentions that underlying these views are three fundamental questions about how markets work and the nature of employment:

- Is labour just a commodity?
- Are employers and employees in competitive labour markets?
- What is the nature of conflict between employers and employees?

Each of the four schools of thought answers these questions differently. First, what is the nature of labour? Mainstream economics views the purpose of the economic system as consumption. Labour is just another commodity. The other three schools reject the belief that labour is just a commodity and instead see labour as human beings with aspirations, feelings and rights. Work fulfils important psychological and social needs and provides more than extrinsic, monetary rewards that support consumerism (Budd, 2010:40).

Second are employers and employees equal in the labour market and the legal arena? The assertion that employers and employees are equal is equivalent to believing that the fundamental assumptions of mainstream economics, such as perfect information and no transaction costs are fulfilled. The other schools of thought however assert that employers and employees are not equals, either in the labour market or the legal arena. Third, what is the nature of conflict between employers and employees? The human resource management school has a unitarist view of employment relationship conflict. Conflict is not seen as an inherent or a permanent feature of the employment relationship; conflict is seen as a manifestation of poor human resource management policies or interpersonal clashes such as personality conflicts. In contrast, the industrial relations school sees the workplace as characterised by multiple interests; that is, a plurality of legitimate interests akin to a pluralist system (Budd, 2010:40).

The relevance of acquiring this understanding and clarifying the complexities surrounding the achievement of harmonious relations is twofold. Firstly it becomes clear that the approach taken by ABC will largely determine the practices and

policies that will constitute organisational labour strategies. Secondly there is the realisation that no matter which approach or school of thought is adopted there are both complexities and conflicting agendas that need to be considered when evaluating the interests of labour and management.

It is not the objective of this research paper to determine which school of thought is the most suitable but rather to unravel the complexity involved when determining labour policies and practices. With this in mind the following factors have considerable relevance and need consideration when pursuing the achievement of harmonious labour relations within ABC (Pty) Ltd:

- Labour relations can be affected by market and industry pressures, poor management practices and unequal bargaining power between managers and employees. When considering these aspects it becomes clear that policy within ABC need to not only address the basic practices of labour management, such as disciplinary procedures, grievance handling and dispute resolution which often become the central focus of industrial relations. More specifically they also need to address how the organisation will deal with industry pressures such as employee retrenchments which in turn affect job security. Currently no policies have been identified that address specifically the organisations position on retrenchment and short time practices, factors that might very well need consideration if future policies are going to address labour needs, such as job security.
- Collective bargaining policies and practices addressing unionisation have traditionally never been relevant within ABC primarily due to the business type. However with expansions into other industries like logistics, low and semi-skilled workers will be targeted by unions increasing the complexities of labour policies in the near future. Disputes at this level can have serious consequences for the organisations performance and profitability as large scale strikes and unresolved mass labour disputes could very well impact the organisations ability to operate effectively.
- Developments in the approach to labour management coupled with continuous competition within industry have forced changes in the approach to labour management. Three of the schools of thought mentioned earlier see labour as

more than just a merecommodity and, according to Budd (2010:40), consider labour as human beings with aspirations, feelings and rights. Work fulfils important psychological and social needs and provides more than extrinsic, monetary rewards that support consumerism.

Consideration and understanding of these needs will significantly contribute to better policies and practices and, more notably, assist in determining what motivates and drives employees. One of the foremost theorists on human needs was Maslow (1954) who defined these human needs on a scale shown in the figure below:

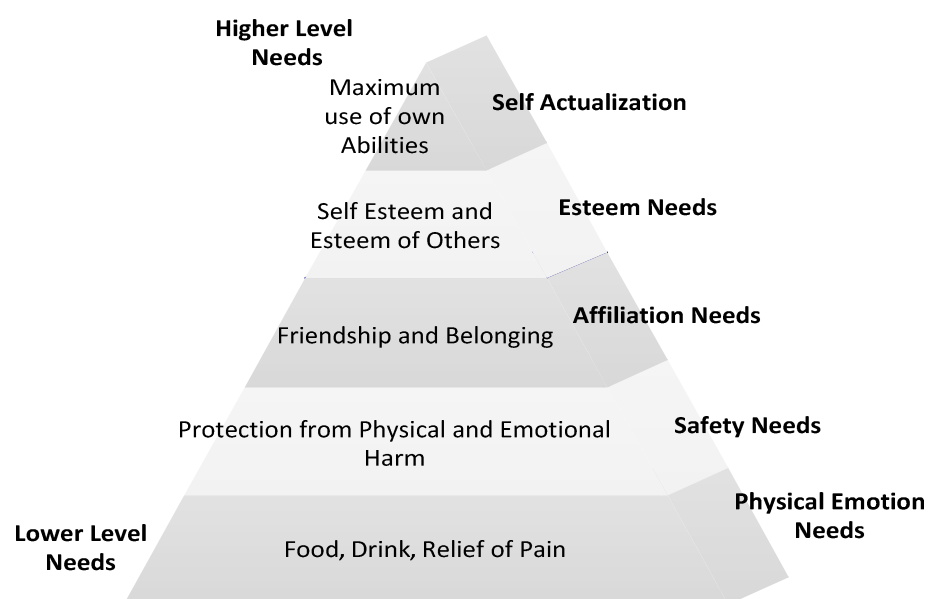


Figure 2.3 Maslow's Hierarchy of Needs (Adapted from: Cronje, Du Toit, Marais & Motlatla 2003: 225).

Maslow's hierarchy of needs, figure 2.3, defines human needs on a scale of lower and higher needs. Humans move up the scale as they fulfil each level of needs with the ultimate desire of achieving self-actualisation. When applying Maslow's hierarchy of needs to the ABC scenario one finds some significance in the way that the organisations structure, culture and the management approach manifests in employee relations. Firstly, one must consider how these needs are being realised by all employees, including management and staff within the organisation. The ideal is to have high level needs being fulfilled within the organisation, which in turn benefits the organisation as a whole. The relevance of this point refers to how

policies are formulated with consideration for these needs. If employees are only able to realise the first two needs this will not lead to the higher collaborative relations necessary for harmonious labour relations.

It appears that ABC only offers a work environment that ensures that the first two levels are achievable and in some cases only level one is achieved, as grievance procedures and employee assistance programmes fall within level two. Policy formulation should not only address the basic needs, but all needs up to self-actualisation. This means that a warehouse clerk with the potential to become a manager has an opportunity for growth and development within a policy and structure that supports this. By considering the needs and motivations that drive employee satisfaction, one is better able to develop policies and practices that will achieve harmonious relations and contribute towards better performance.

It is commonly accepted that any organisation is the product of its past practices and entrenched cultures, which act as forces that eventually evolve and develop organisational structures. When developing and addressing new policies and practices old practices are likely to come into conflict with the new. For this reason it is necessary to fully determine the forces that will impact structural changes within the business. By fully understanding these influencing forces changes to policy and practice can be better implemented within the organisation.

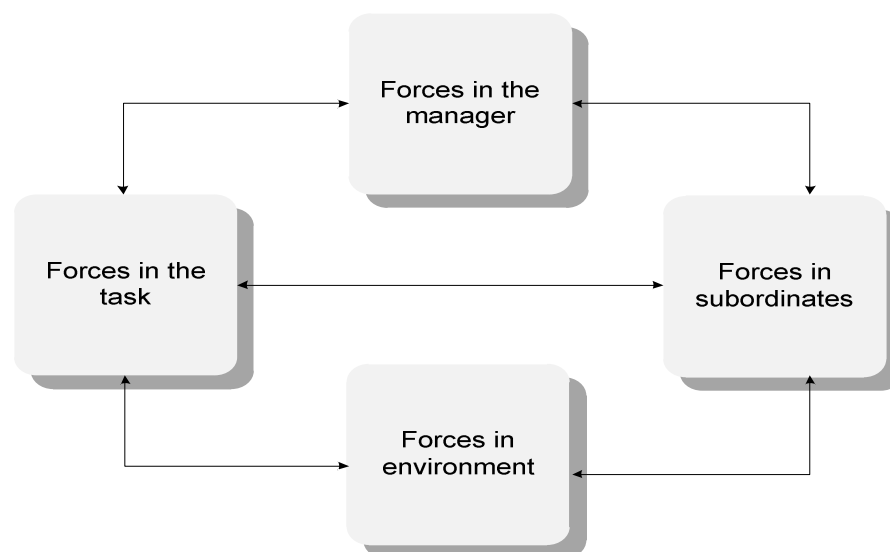


Figure 2.4 Forces Influencing the Evolution of Organisational Structure
(Certo, 1994) (Adapted from Smit & Cronje, 1997: 218).

Certo's (1994) model, figure 2.4, specifically highlights four forces that influence the evolution of an organisations structure. When considering these forces in relation to ABC's evolution one obtains more insight into the current position of the organisation for example; the way managers perceive the organisation and organisational problems. Most managers see the organisation as it was in the beginning, a small family business where the head of the family is always right.

Expecting this ideal to remain intact means conflict could arise when subordinates question the logic of a manager's decision and when this is perceived as disrespect and not collaborative discussion. There has been a great deal of political change in South Africa, giving rise to the question whether ABC is correctly aligned with regards to the appointment of black managers and how this is perceived by employees, especially with regard to the diversification in operations.

Conflicts could possibly be related to poor transition and the lack of inclusion of black managers which leads to the question, are there senior staff members that could play a significant role in developing labour relation practices within the organisation due to their skills as shop stewards? One sees a pattern of how past organisational cultures evolve and form new organisational structures and if this new structure is conducive to harmonious relations. Certainly, this evolving structure has some relevance, which needs consideration.

2.4 MANAGEMENT PRACTICES AND THEIR EFFECTS ON LABOUR AND WORK ETHIC

Undoubtedly, one area that holds considerable significance in the development of practices, policies and strategies around labour and labour relations is organisational management.

This subject can become extensive and for the purpose of this research paper only certain factors will be considered in the pursuit of better understanding managements role in labour relations; namely an evaluation of the system or management culture within ABC and its effects on achieving harmonious relations and suitable policy, as well as managing stakeholder interest and how these interest are defined by management. This also includes the aspect of managements approach to labour involvement and labour empowerment within the organisation. To

better understand the current management system within ABC Likert's (1967) Four Systems of Management will be considered.

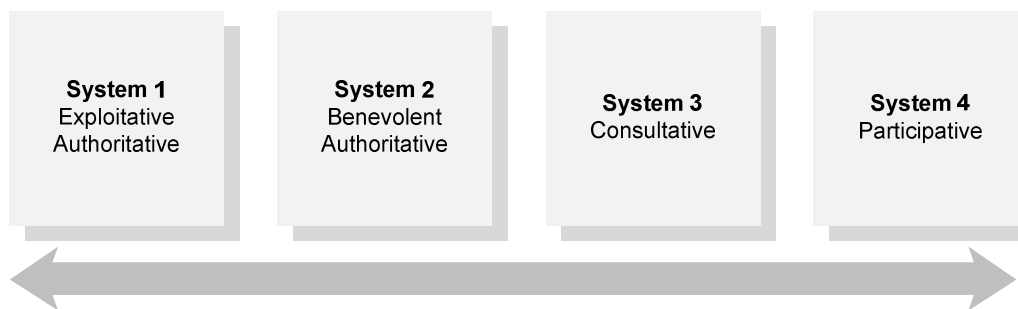


Figure 2.5 Likert's Four Systems of Management (Likert. 1967) Adapted from Neher (1997: 85).

Likert (1967) defines management within four systems. According to Likert all organisations are positioned somewhere on this scale and ultimately mirror those traits specific to that system. Looking at Likert's four systems and its relevance to ABC, reveals an interesting perspective. While system 4 is considered the most productive and effective type with the least unresolved labour problems ABC displays traits of system 2, namely benevolent authoritative. When one considers these systems and where ABC is mostly likely positioned, one starts to obtain a better perspective of the labour issues experienced.

Training and policy might not necessarily be the only contributing factors. As pointed out above, the management style that has evolved has played a role in many of the industrial relations issues being experienced. It is certainly the case that if management want to improve and resolve poor labour practices consideration must be given to achieving a system 4 positioning. System 4's management style supports collaborative agreement with group decision making, resulting in improved productivity and supporting participative decision making. This system goes hand in hand with the objectives of achieving employee involvement and empowerment, which is discussed next.

Achieving a system 4 management style supports collaborative agreement and decision making, which in principle should improve productivity and organisational harmony. However, the complexities of harmonious labour relations extend further

than merely fostering an environment conducive to collaboration. An understanding of stakeholder objectives is necessary to fully grasp the driving forces of human behaviour. Human needs were explored earlier in this paper and with reference to Maslow's hierarchy of needs. Taking this concept one step further one can further analyse the complexity of pursuing suitable management practices that will support harmonious labour relations and contribute to improved organisational performance.

In determining how to manage – or respond to – stakeholders and their interests, organisations need to be very clear about their objectives and those of their stakeholders. What the organisation expects from and gives to each stakeholder group are secondary objectives. These are important not in their own right but because they are instrumental in helping the organisation achieve its primary objectives (Stapleton, 2003:149-150).

What Stapleton highlights is that secondary objectives are ultimately the means to the primary objectives, which in turn are the end result. The relationship between primary and secondary objectives are well illustrated in Atkinson's (1997) model, figure 2.6, where performance-related pay may be introduced to improve employee satisfaction and which will, it is hoped, lead in turn to the achievement of the primary objective (Stapleton, 2003:150). With reference to this model further analysis can be conducted in relation to the ABC scenario. If the primary objectives are defined similarly as increased profitability, or sustainable profitability coupled with high levels of customer service, then at a purely labour orientated level, which is the focus of this research paper we can conclude that the achievement of this objective will be unlikely if the organisation is marred with industrial disputes, strikes and disgruntled employees.

Strictly speaking, the achievement of the primary objectives will be very difficult if the secondary objectives are not achieved because this model clearly highlights that the secondary objectives feed into the primary objective or objectives. This model can be linked to the first considerations within this chapter, namely organisational performance within the confines of labour relations. The first level secondary objectives are neatly associated with the research objectives and problem statement in terms of understanding what skills and practices are necessary for the

achievement of harmonious labour practices. As the saying goes 'Happy Staff are Productive Staff'. One finds that employee satisfaction within the model is linked to a motivation to improve skills and increase effort, a first level secondary objective.

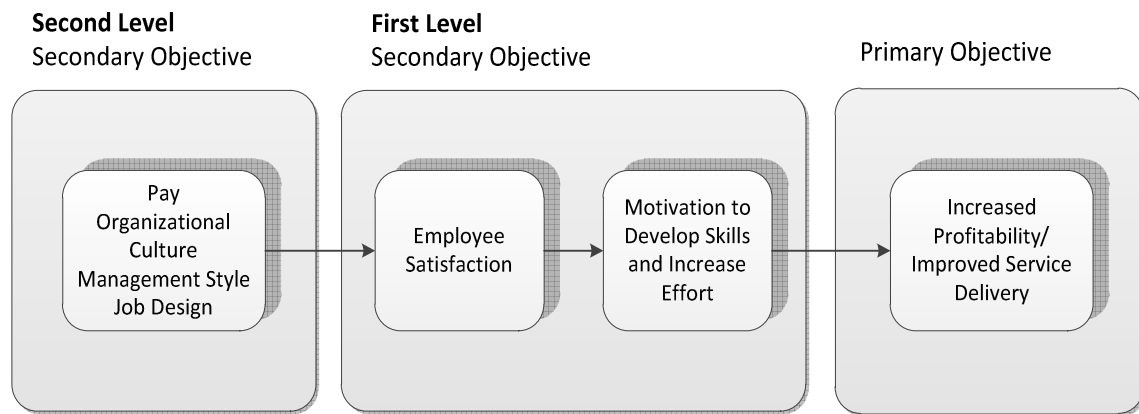


Figure 2.6 A Model of Employee Behaviour. Source: Atkinson *et al.* (1997:29) Adapted from Stapleton (2003, in Open University, 2007).

Based on this theory the second level secondary objectives will play a considerable role in driving both first level secondary objectives and primary objectives. The focus of this analysis will therefore be on the importance of second level secondary objectives within ABC, as these management practices and policies will have a significant impact on both achieving organisational profitability and employee satisfaction, or labour harmony as defined in the problem statement. With this in mind the following should be considered in relation to achieving these desired objectives.

With respect to remuneration policies, how does ABC fare in the market and have the necessary benchmarking exercises been conducted? Uncompetitive remuneration policies will make the achievement of harmonious labour relations unlikely, an area that coincides with the earlier discussion on human needs. Labour disputes are often related to wages and wage increases. The objective of skilling and developing suitable labour policies and practices is largely related to reducing labour disputes but if fundamental areas within management policy are not addressed this is once again unlikely.

Organisational culture is an area that has been addressed within the paper already but once again this model highlights the relevance and importance of addressing these factors. For example past practices have formed organisational cultures, many of which became visible in the problem review. One might need to consider that management communication skills need addressing in order to achieve effective labour practices, consequently changing the complexity of what might need to be addressed to achieve effective practices and harmonious relations.

If managing labour performance in its simplest form is about an agreement of what should be performed and an evaluation of that performance on a pre-defined time frame, then the concept of job design becomes highly relevant. Job design will play a significant part in managing both performance and non-performance. If employees are not clear about the role they have within the organisation then the labour process will become ineffective. The evaluation of job functions and the achievement of uniformity and agreeable parameters could very well become vital to managing labour.

2.5 CHAPTER SUMMARY

The focus of this chapter was:

- To analyse organisational performance within the confines of labour management, and further understand the complexities between effective labour relations and organisational performance.
- To unravel factors that might contribute to the achievement of better relations between management and employees and,
- To determine the complexity involved in developing suitable management labour policies as well as understanding their effects on human resource performance, work ethic and organisational goals.

In analysing organisational performance within the confines of labour management two particular models were considered. These were the resourced-based view considering a model by Grant (2005:139) which analysis the link between resources, capabilities and competitive advantage and Cameron's (2003) model, which considers the interrelationship between contingencies. In Grant's model

organisational performance is considered to be strongly correlated with internal resource capabilities, these being tangible, intangible and human. The human portion was the focus of this discussion and revealed that human performance was largely interconnected with organisational performance. The evaluation also revealed that other factors such as communication, motivation, needs attainment and management practices all had an effect on the organisation's overall internal human resource capabilities, many of which had a direct bearing or interlinking relationship with labour practices.

In unravelling the complexities of achieving harmonious employee relations, an understanding of the fundamental labour views and their respective assumptions were discussed with reference to Budd (2010). Three schools of thought were identified and three underlying questions were considered, as follows;

- Is labour merely a commodity?
- Are employers and employees competing in labour markets, and
- What is the nature of conflict was between employers and employees?

This analysis revealed competing agendas and numerous, sometimes conflicting needs within the employer/employee relationship. More specifically, what was identified was the important psychological and social needs employment provided, more than merely extrinsic, monetary rewards that supported a consumerism perspective. These needs were further analysed through the use of Maslow's (1954) '*Hierarchy of Needs Model*', identifying the relevance of these needs and the importance of addressing needs fulfilment in order to achieve the harmonious labour relations required for both employee well-being and improved organisational performance, as explained earlier in Grant's model.

Further to this, Certo's (1994) model on the '*Forces Influencing the Evolution of Organisational Structure*' was analysed. In this model consideration was given to the various influencing structural forces within a business environment, highlighting that these forces could have an influencing effect on the organisational structure, including past, present and future. The relevance of this model in relation to ABC was not only the identification of these forces but also understanding their impact when pursuing improved labour relations and/or developing new labour policy. The

last portion of this chapter considered management practices and their effects on labour and work ethic. Likert, (1967) and his '*Four Systems of Management Model*' was considered in relation to ABC. The relevance of this model lay in the importance of moving management practices towards system 4, a participative style, which was considered the ideal management system for the achievement of collaborative and participative practices and one that would most likely lead to harmonious labour relations. Lastly stakeholder interests were considered in respect to the achievement of objectives and how these interests or objectives were rationalized by the different stakeholders involved in the labour process.

In summary therefore the fundamental perspectives which need consideration when developing labour policy and practices are as follows:

- Human resources form part of an organisation's internal capabilities which significantly contribute to its business effectiveness.
- Human resource policies and practices must be developed in a manner that considers not only intrinsic factors and conventionally structured practices which merely facilitate labour relations, but moves into areas of practice that enhance and develop labour relations. This requires a much broader approach that includes, organisational communication practices, management ideologies, collaborative relations development and an understanding of human motives, culture and behaviour.

CHAPTER 3 – LITERATURE REVIEW

3.1 ANOVERVIEW OF LABOUR RELATIONS MANAGEMENT

3.1.1 Defining Employment Relations

The Concise Oxford Dictionary, (1995) defines labour and relations as follows:

Labour – a) physical or mental work; exertion, toil, b) such work as considered supplying the needs of a community, c) workers especially manual, considered as a social class or political force.

Relation – a) the way in which one person or thing is related to another, b) the existence or effect of a connection, correspondence, contrast, or feeling prevailing between persons or things, especially when qualified in some way.

According to the Concise Oxford Dictionary (1995),labour is related to exertion or effort, meaning it is not entirely pleasurable and is an activity requiring some degree of effort. It is further defined as an activity that supports the needs of a community and applies to social or political class. Relationlinks people to a cause or purpose and has further bearing on these individuals when it is qualified. What appears relevant for the purpose of this research paper are the following key words; supply, needs, community, class, related, connection, qualified and feeling.

Abbott (2006: 188) mentions that it is useful to look at what constitutes the definitional characteristics of the term employment relations and also emphasises that considerable and on-going debate has taken place over the meaning of the term. Abbott (2006: 188) goes on to note that employment relations are the sum of prescribed functional activities and interactions of HRM. Furthermore, he points out that employment relations are simply the prescribed functional activities and interactions that are expected to manifest themselves in the form of collaborative interactions between managers and employees as well as the flexibility, skill and loyalty of employees, in the absence of workplace conflict and trade unions and in the high performance outcomes of firms, among others. Abbotthighlights some interesting perspectives on employment relations. Firstly there appears to be some debate around the term primarily due to the distinction between the pluralist and unitarist approaches to industrial relations. Abbott (2006: 188) further mentions that

employment relations are focused on collaborative interactions between management and employees, with the ideal being the absence of workplace conflict which improves overall organisational performance.

The ILO(International Labour Organisation) (2005: 3) defines the employment relationship as a legal notion widely used in countries around the world to refer to the relationship between a person called an employee (frequently referred to as a worker) and an employer, for whom the employee performs work under certain conditions in return for remuneration. It is through the employment relationship, however defined, that reciprocal rights and obligations are created between the employee and employer.

This definition considers employment relations from a legal perspective which is defined by rights and obligations and determined by a mutual legal agreement that to some extent changes the dimensions of how the employment relationship is managed and perceived.

Pandey(2007: 2) mentions that the term industrial relation or labour management refers to industry and relations. In this context industry means any productive activity in which an individual is engaged and relation refers to the relations that exist in industry between the employer and his workmen. Pandey (2007: 2) points out that the concept of industrial relations is a developing and dynamic concept and one which does not limit itself merely to the complexity of relations between the unions and management. It also refers to the general web of relationship that occurs normally between employees. He points out that a web is much more complex than the simple concept of labour capital.

Liao, Chang, Cheng and Kuo (2003: 25-26) mention that employee-employer and employee-organisation relationships are part of a business's internal relationship management and that a great deal of research regarding this internal relationship management has focused on organisational behaviour/theory and human resource management. This perspective supports Pandey's (2007) (*op.cit*) notion of a deeper relationship which widens the complexity of employment relations to include a behavioural perspective. This means that employment relations encompass social and human behaviour.

Therefore, the employment relation cannot simply be defined as the relations between employees and employers but appears to incorporate a larger and somewhat changing definition. One finds that employment relations encompass a formal and legal perspective at one level, while also a human and social perspective at another level. This in turn has a contributing influence on organisational harmony and performance.

3.1.2 Defining the Key Role Players in Labour Relations

Cronje, Du Toit, Marias and Motlatla (2003:238-239) comment that the parties involved in the labour relationship are the employer and employee as primary parties, and the state as a secondary role player. The state's role is to create, by means of legislation, a framework within which the primary parties can conduct their relationship. Basically, employees in managerial positions represent the interests of the owners of the business. In the private sector this essentially means safeguarding and improving the profitability of business.

Cronje *et al.* (2003: 238-239) mentions that the state's primary role is to create the framework or infrastructure within which labour and management can conduct their relationship. A trade union on the other hand is a continuous, permanent organisation created by workers to protect themselves at work, to improve their working conditions through collective bargaining, to better their quality of life, and to provide a means of expressing their views on issues in society.

Cronje *et al.* (2003) identify representatives within the labour relationship more specifically as owners whose interests are represented by managers who are also employees and employees who are represented by unions, which is an independent organisation created by employees to further the interests of these employees. In this context the state is responsible for creating the framework within which these interests are pursued. Therefore the key role players in terms of labour relations can be defined as the employer, the employee and the state.

Fossum (2012: 1) mentions that with regards to unionised employers, labour relations are the on-going interchange between the union and the employer that identifies their common and specific interests and creates mechanisms to clarify,

manage, reduce and resolve conflicts over their specific interests. In the USA federal, state laws, regulations and common law establish the basic rules and define and shape, rights and responsibilities of employers and unions with regards to how labour relations are conducted. These laws and regulations are ultimately the product of a democratic political process and jurisprudence as influenced by culture, economic performance, and beliefs about how individual's rights can be protected and social justice enhanced.

What resonates strongly from the above authors is the prominent position played by three key role players within the labour relations arena namely; the employers or business owners represented by management, employees or workers represented by unions in most cases and the state that creates a framework to balance the interests of both parties through the development and regulation of applicable laws.

Budd (2005:107-108) reiterates the state's role by mentioning that U.S. labour relations have been closely intertwined with the U.S. legal system for over two centuries. Since the New Deal in the 1930s, U.S. labour laws have explicitly protected workers union activity primarily by making it illegal for companies to prevent unionisation through intimidation or manipulation. He further mentions that consequently in order to understand labour relations it is imperative to consider the legal aspects. Another important strategy for understanding U.S. labour law is recognising the theme of striking a balance between property rights and labour rights.

The relevance of this lies in the extent to which the state plays a role in labour relations as this will have an impact on labour practice and policy within most organisations. The USA, being a leader in the industrial world, has largely set a framework to follow and one finds these standards in much of the South African legislation which governs labour relations, for example:

- The Basic Conditions of Employment Act 75 of 1997 and,
- Labour Relations Act (LRA) 66 of 1995.

Cronje *et al.* (2003: 238-239) point out that the purpose of the LRA is to advance economic development, social justice, labour, peace, and democratisation of the

workplace in which one also finds the interests of organisations being protected, such as life and/or property. Cronje *et al.* (2003: 244) mention that the overall purpose of the Basic Conditions of Employment Act 75 of 1997 is to advance economic development and social justice in South Africa by enforcing basic conditions of employment. This legislation validates the extent to which the South African state regulates employment relations and defines some of the legislation that must be considered when formulating employment policy. In other words, it highlights the role that the state plays in determining the boundaries for labour policy and the subsequent legal requirements.

Budd (2005:4) mentions that a labour union is a group of workers who join together to influence the nature of their employment. Perhaps they seek improved wages and benefits, or protection against arbitrary treatment and discharge, or greater voice in workplace decision making. Both Budd (2005: 4) and Cronje *et al.* (2003: 238-239) mention the influential role unions or employee representatives have in promoting their interests. The focus of these interests, are defined not only by the work environment but by social needs as well.

This encapsulates to a large extent the diversity of interests between the three roleplayers while also highlighting the interdependent relationship between these parties. The state needs business to drive the economy and create jobs and business needs the state to define suitable legislation within which to operate while also needing employees to perform work. Employee's on other hand need business for employment and to further their desires and interests in achieving their social needs and objectives.

3.1.3 Contemporary Issues Influencing Labour Relations, Practice and Policy

The critical human resources and industrial relations issue in the early 1900s was known as the labour problem: undesirable outcomes that stem from inequitable and contentious, or perhaps even oppressive and exploitative, employment relationship. Conditions in the workplace were also unsanitary, if not downright dangerous coupled with long hours at low pay, marked by great insecurity. There was also the business perspective on the labour problem. Are workers motivated, loyal, and productive? Absenteeism and turnovers were costly, also with significant numbers

living below the poverty line. A second problem was that they lacked consumer purchasing power Budd (2005:27-30).

Budd, further mentions that today's critical issues in human and industrial relations are perhaps therefore familiar:

- Growing labour market disparities.
- Problems of low-wage workers trying to move out of poverty and support families.
- Corporate pressures for cost control, quality and flexibility to compete in a global information-rich economy.
- The need to educate individuals as lifelong learners because of ever changing technologies.
- Problems of work-life balance, especially for working mothers.

Budd(2005) contrasts the labour problems of the 1900s with modern labour problems and one finds certain similarities in the fundamental issues affecting management in the pursuit of suitable labour relations. This refers mainly to employee working conditions and their effect on productivity and safety, the attainment of a suitable wage and the achievement of equality in the work place. Even though large strides have been made in improving working conditions and employee relations, the complexities of modern industry have increased the diversity of problems being faced by most businesses, to include many of today's critical issues as described. The significance of this is that new dimensions in business appear to increase the complexity of achieving harmonious labour relations. For example changes in technology often compete with the employee objectives of long term employment and technological advancements all too often make positions redundant. How management deals with these changes creates new issues in the labour relationship and therefore changes the complexity of modern labour relationships.

The Wales Business Studies (2009: 1) in an article titled '*Employer/Employee Relations – Employee Participation*' mention that representational forms of participation allow the employees to play a formal role in the decision making process. In other words, employees have the right to contribute through a range of consultative bodies but that this requires industrial democracy. This article points out

that the idea of industrial democracy, although being part of the post-war German economic miracle does not fit in well with the more adversarial (confrontational) relationship that has existed between managers and unions. The author goes on to point out that even with the new partner based relationships between unions and management working towards the same goals which now exists in industry, there is still room for industrial democracy.

Da Silva (2008: 24-25) supports the ideas covered in the above article and points out that the worker participation model gives unions the most influence at enterprise level. This refers in the west probably to the co-determination and works council system of Germany. Co-determination takes the form of equal representation of management and workers on the supervisory boards of limited liability companies employing more than 2000 employees. Da Silva (2008) further mentions that co-determination represents a method of worker participation at a very high level in an enterprise, which expands employment relations beyond the scope of traditional factors influencing labour policy, practice and relations such as wage, working conditions and employment productivity. One therefore finds greater complexity in the attainment of harmonious labour relations that go beyond merely addressing traditional labour issues such as wages and working conditions. The above authors make reference to a driving need to democratise the labour relationship and improve employee participation. Da Silva (2008: 24-25) highlights some of the following reasons to improve worker involvement;

- Employees are gaining higher levels of education and skills and as such will be less amenable to management control and will respond better to participative management.
- Production quality and efficiency tends to increase when employees are more involved.
- Participation is a great motivational tool and,
- Enterprises that want to move beyond routine high volume production and to more value added and knowledge based activities need to improve innovation, all of which require worker participation.

Da Silva (2008: 30) further mentions that employers are now compelled to view industrial relations and human resource management from a strategic perspective, in other words not only from the traditional viewpoint of negotiating terms and conditions of employment and performing a personnel and welfare function. Industrial relations and human resource management are directly relevant to competitiveness and how they are managed will impact on enterprise performance.

De Silva (2008: 30-31) highlights the following issues which are current and relevant:

- Minimum wages – Pointing out that minimum wages in some countries tend to be fixed on extraneous conditions (Political), which have an adverse effect on global competitiveness and secondly that minimum wages are often not matched to productivity gains which help offset increased labour costs.
- Flexible performance pay – Many employers and some governments have expressed a wish to review traditional criteria to determine pay levels such as cost of living and seniority. Pay systems which are flexible (i.e. based on productivity or profitability) so as to be able to absorb business downturns and also reward performance, are receiving considerable attention.
- Cross cultural management – Problems arise due to differences in industrial relations systems. These include the following; attitudes by and towards unions, work ethics, motivational systems and leadership styles, negotiating techniques, inappropriate communication, consultation and participation procedures and mechanisms, values, expectations of workers and interpersonal relationships.
- Industrial relations/human resource management training. Not many developing countries have facilities for training in labour law and industrial relations. This includes aspects such as, negotiation wage determination, dispute prevention and settlement, the several aspects of the contract of employment, and other related subjects such as health and safety.

Khadir-Poggi (2008: 18) focuses on the effects of globalisation on the labour relationship, pointing out that the evolution of the economic, social, cultural and technological context has created a self-reinforcing process where technology interacting with people and businesses has created the globalisation era. Khadir-Poggi (2008: 19) further mentions that the labour market for skilled people

appearsto be global and in addition there is a shortage of talent, exacerbating the war amongst companies. Most small businesses and some big businesses did not comprehend and apprehend this evolution at the time and the result is that the usual relation between employees and employers is still in place, but workers are much freer and much more demanding.

In so far as it affects the employment relationship, these changes in labour will begin to alter the way organisations manage their employees. This means that to some extent that the structures of power that have formally defined the employment relationship will need to be reconsidered when formulating employment policy and defining practice. Approaches of the past are becoming less possible to maintain meaning that many of the traditional ideologies will come under pressure due to the evolutionary changes that Khadir-Poggi (2008) has mentioned.

Rubery, Marchington, Grimshaw and Willmott (2004: 14) mention that organisations are conceptualised as acting as unitary entities, sharing attitudes and behaviours and acting to maximise opportunities for the employing organisation, and as being abstracted from the detailed analysis of activities performed under an employment relationship. Rubery *et al.* (2004: 14) further mentions an equally problematic aspect, which is the assumption that the development of human resource practices and the protection of employee rights and voice can best be understood within the confines of the single bounded employer organisation. This leads to the view that as organisations become more permeable, the presence of multi-employers can be shown to compromise systems of employment rights and voice framed with a singular employer relationship mind.

Rubery *et al.* (2004) highlight a very interesting perspective and equally relevant challenge facing many organisations, especially in the light of the globalisation of both organisations and resources. The employment relationshipdefined by an organisations policies and practices appears to fragment as the organisation expands operations globally. The result as mentioned by Rubery *et al.* (2004) is that the employment relationship can differ considerably between these multi-organisational operations, affecting the unitary employment policy objectives within these multinational organisations.

The changing dynamics of modern business has impacted the requirements for suitable employment policy. This means that achieving harmonious employee relations in an organisation has become considerably more complex than merely negotiating terms and conditions of employment and performing personnel welfare functions. This is a point to consider when determining what policies and practices are most likely to achieve harmonious employment relations.

3.2 DEFINING HUMAN RESOURCE MANAGEMENT AND RATIONALISING THE COMPLEXITIES IN MANAGING PEOPLE

3.2.1 Defining the Role of Human Resource Management in Relation to Industrial Relations

Successful organisations are those that combine the experience of line managers with the expertise of HR specialists to develop and utilise the talents of employees to their greatest potential. Addressing HR issues is thus rarely the exclusive responsibility of HR departments acting alone. Instead, HR managers work side by side with line managers to address the people-related issues of the organisation (Cronje *et al.* 2003: 193).

Cronje *et al.* (2003) highlight the importance of collaboration between line management and human resource management when exercising human resource practices, which has particular relevance in the modern organisation due to an often vague distinction between HRM and IR. What becomes clear is the advocacy role and, as such, the dual role that human resources holds which is of some importance when considering labour relations. This is due to the fact that as the human resource function becomes to some extent the organisation's conscience, balancing both the interests of management and the employees.

John and Portel (2011: 4) define human resource management as the management of people working in an organisation. HRM is a managerial function that tries to match an organisation's needs to the skills and abilities of its employees. HRM is responsible for how people are managed in the organisation. It is responsible for bringing people into the organisation and helping them perform their work, compensating them for their work and solving problems that arise.

John and Portel(*op.cit*), emphasise that human resource management is focused on the human aspect of management, supporting to some extent Cronje *et al.* (2003: 192) and their perspective on balancing human objectives with organisational objectives through the effective management and implementation of human resources policy. One finds that the human resource function contributes significantly to determining the policies and practices that interlink with labour relations; for example, effective recruitment policies will support fair labour practice and limit disciplinary situations that might transpire from unsuitably skilled individuals being recruited.

John and Portal (2011) further point out that human resource management is growing in importance, and specifically in relation to the demand of workers who are insisting that organisations accommodate their personal needs by instituting programs such as flexible work schedules, parental leave and child care. The complexity of legislation and litigation and the enactment of state laws have contributed enormously to the proliferation and importance of the human resource functions.

Briscoe, Schuler and Claus (2009:21) consider human resource management at a global level, a perspective that has significance when considering the globalisation of labour and organisations in general. They broadly define the field of international human resource management as the study and application of all human resource management activities as they impact the process of managing human resources in enterprises in the global environment.

Briscoe *et al.* (2009:21-22) point out that organisations need to develop a global mind-set inside the HR function, particularly in obtaining an awareness and understanding of the new global competitive environment and the impact it has on the management of people worldwide.

Cronje *et al.* (2003:219) define the human resource function as a crucial role that should improve the skills base of employees and contribute to the profitability of the organisation. The human resource function must be accountable for its actions and should operate as a profit centre. The emphasis on accountability is even more important if one considers the legal environment in which human resource-related

decisions have to be taken and the very negative consequences for the organisation if the right decisions are not made; for example, if procedure as prescribed by the Labour Relations Act 66 of 1995 are not followed in the event of a retrenchment.

Cronje *et al.*(*op.cit*) make an important link between organisational profitability and the negative financial effects that can transpire from poor practices in both human and/or labour relations. This accountability that is mentioned is often understated in organisations, where the effects of poor labour practices are not measured in financial terms. The aligning of core HR processes and activities with the new requirement of competing globally, while simultaneously responding to local issues and enhancing global competencies and capabilities changes the complexity of HRM. Standardised practices might not be suitable for local and global operations due to differing cultures, beliefs and labour environments. If these differences are not taken cognisance of, one could very well find that organisational profitability and operational efficiency becomes a casualty of poor employment relations.

Briscoe et al. (2009) are among a small group of authors that consider the complexity of global human resource practices in relation to multinational operations. Their perspective is that HR policy needs to consider the complexities involved in multinational operations and the importance of forming policies and practices that take these diversities into consideration, while at the same time being suitably positioned to address local issues which are a complex problem in their own right.

Therefore one finds that an interlinked relationship between human resource management, labour relations and organisational profitability becomes evident. The general theme being that to a large extent human resource practice and policy are the foundations for effective labour relations, or at the very least that human resource policy and practice act as a catalyst for the achievement of suitable employment relations which contribute to organisational efficiency and profitability.

Ivo (2006: 9) mentions that according to Bratton and Gold (2003) HRM is a strategic approach to managing employment relations, which emphasises that leveraging people's capabilities is critical to achieving competitive advantage. Ivo (2006: 9) further mentions this was achieved through a distinct set of employment policies, practices or programmes which Purcell (1999) has qualified as HRM bundles.

Ivo (2006: 10) elaborates on what these HRM bundles are by defining HRM as either hard or soft. Hard HRM embraces all those elements in employment relations laying emphasis on employee compliance quantitative output manager's tasks and the development of the organisation. Soft HRM will tend to favour flexibility, negotiation, performance, quality, and the recognition of environments and rights in employment relations.

At first glance one might be inclined to consider labour relations under the soft HRM category; however factors such as compliance might very well fall within the IR arena. Certainly, what can be concluded is that HRM whether considered soft or hard embraces the employment relationship and encompasses functions within the IR management category. This highlights the overlapping relationship between labour relations management and human resource management.

Ivo (2006) offers a further perspective on soft and hard human resource management by looking at the debate between HR and HRM. Ivo (2006: 10) points out that Guest (1987) differentiates HR and HRM in terms of the psychological contract, locus of control, employee relations, organisation principles and policy goals. For Guest (1987) HR favoured contracts, collective behaviour and low trust meanwhile HRM favoured reciprocal commitment and a unitarist rather than a pluralist approach to management. The organic nature of institutions, flexibility and a decentralised administration was also considered. The policy goals of HRM were adaptive work force as opposed to administrative efficiency, standard performance cost and minimisation in personnel management.

It might be said that HR to some extent has similar connotations to that of IR and HRM to that of SHRM. Modern employment relations however cannot exist without some semblance of contract and obligation. How this is defined in the employment relations policy becomes the endorsement of what defines suitable employment relations policy.

What becomes clear is the symbiotic relationship between HRM and IR. With the ever changing dynamic of modern business, and the realisation that human resource management plays a significant role in organisational performance, human resource management and employment relations will more than ever become interlinked due

to the fact that you simply can't achieve harmonious employment relations without suitable human resource policies. One also finds that to a large extent human resource practice and policy are the foundations for effective labour relations practice and policy. Undoubtedly it appears that neither IR nor HRM can be considered in isolation when developing labour policy due to their homogeneity.

3.2.2 Human Motivation within the Context of Labour Relations and HRM

Cronje *et al.* (2005: 222) mention that in the work place, motivation is what makes people want to work. Motivation may broadly be defined as the reason to achieve a particular goal. To be successful in any organisation, employees and managers should understand what causes different motivation levels, because the achievement of both personal and organisational goals is important. Cronje *et al.* (2003: 222) further mention that motivation in a work setting may be driven not only by internal rewards, but also by external factors. Motivation is therefore two-dimensional, with an internal dimension and/or an external dimension.

Tyler (2005: 1293-1297) makes reference to two particular methods of motivation. This refers firstly to the command and control perspective which focuses on controlling people's behaviour via the threat of punishments or sanctions for behaviour to the degree that employees are motivated instrumentally and are thus primarily interested in the resources and outcomes they receive from their organisation. In other words to the extent that employees are intrinsically motivated, intrinsic forces are needed to regulate their behaviour. An alternative model of self-regulation, stipulates that employees can be intrinsically motivated by themselves based on their own ethical behaviour. Tyler (2005: 13-14) further mentions that in order to achieve this self-regulated motivation two particular ethical values must be present, namely legitimacy and moral value. What Tyler (2005) concludes is that the reason for doing something must be legitimate and based on some ethical value that will motivate employees to act accordingly.

Both Cronje *et al.* (2003) and Tyler (2005) highlight some of the complexities surrounding employee motivation and the internal reward concept which is often used as a method of motivation. Tyler (2005) however points out that employees can move beyond this concept of motivation to a self-regulated method which requires

the presence of higher levels of legitimacy and moral value. What becomes apparent is the interdependent relationship between the various concepts found in employment relations. In other words, self-regulated motivation is dependent on employee participation to a large extent and employee participation is dependent on organisational or management policy.

Herzberg (2003: 5) offers an alternative perspective on employee motivation and needs. He concludes that intrinsic incentives may stimulate people to put their noses to the grindstone – but they will likely perform only as long as it takes to get that next raise or promotion. Herzberg makes the point that any organisation only has limited power to motivate employees. While unfair salaries may damage morale when large pay checks and other extrinsic incentives are offered this does not mean that people will work harder or smarter. The reason given is simply that most of us are motivated by intrinsic rewards, interesting, challenging work, and the opportunity to grow towards greater responsibility.

The question then is how do you motivate employees? Herzberg (2003: 7) believes that one needs to enrich their jobs by applying these principles:

- Increase individual's accountability for their work by removing some controls.
- Give people responsibility for a complete process or unit of work.
- Make information available directly to employees rather than first sending it through their managers.
- Enable people to take on new, more difficult tasks they haven't handled before and,
- Assign individuals specialized tasks that allow them to become experts.

Herzberg (2003: 8) concludes that the payoff is that employees gain an enhanced sense of responsibility and achievement, along with new opportunities to learn and grow continually.

What one finds when considering these principles of motivation, is that the concept of employee participation resonates in the ideas presented by Herzberg (2003).

Briscoe *et al.* (2009:205) make reference to a very relevant perspective. They mention that American and Western models of innovation, motivation and leadership

will not work well in an African country like Malawi, for example. Most US management experts believe that proper leader behaviour depends on the situation and that there is no one right way to lead. However, the Malawian culture believes that leaders should always be authoritative. Consequently, HR professionals must first learn how these issues apply in Malawian culture and then train Malawian workers accordingly.

The relevance of this is that culture plays a role in how people perceive the world around them. Therefore, what might appear normal motive in a Western cultural could very well be abnormal in a foreign cultural. Motivation then becomes rather more complex when moving across cultures and geography.

Motivation and employee needs are complex and diverse. Not only are these needs and motives capricious, but different from location to location and culture to culture. Consequently, developing labour policies that take cognisance of these diverse needs and motives appears necessary if one wants to achieve harmonious relations and especially when considering multicultural operations. Failure to consider the complexity of what motivates people, especially when operating businesses in these differing cultures, could very well lead to failed labour relations irrespective of how suitable labour policies are believed to be.

3.3 THE PURPOSE OF POLICY AND THE NEED FOR TRAINING AND DEVELOPMENT WITHIN ORGANISATIONS

3.3.1 Policy Suitability and Purpose

De Silva (2008: 23) mentions that the elements of a sound industrial relations system are closely linked to a progressive human resource management policy translated into practice. Harmonious industrial relations are more likely to exist in an enterprise where human resource management policies and practices are geared to proper recruitment and training, motivational systems, two way communication, career development and a people orientated leadership and management style. Many of these human resource management activities have an impact on the overall industrial relations climate in an enterprise.

De Silva (2008) validates a general theme within the relationship between industrial relations and human resource management; namely that effective labour policy is mostly the result of effective human resource policy. These HRM policies however must address fundamental needs and motivations and need to be implemented and administered under a people orientated management style, if harmonious labour relations are to be achieved.

Da Silva (2008: 24-25) further points out that some of the best managed enterprises tend to integrate human resource management policies into their corporate culture and strategy. In addition, worker participation and involvement is important in policy formulation and that it is also important at the outset to separate several issues relating to participation, communication and consultation. These are; principles of communication; the methods or means to give effect to this principle; and whether the principle and/or means should be enshrined in legislation, or should be the subject of bipartite negotiation, or whether they should be at the employers initiative.

Da Silva (2008: 25-26) furthermore mentions that communication, quality of working life programmes and training are important considerations in achieving balanced policies. He adds that communication is the starting point for any effective enterprise policy and procedure which will promote sound labour relations. Quality of work life programmes also feature prominently and aim at combating worker alienation, integrating workers and encouraging worker involvement in the enterprise. They also increase worker motivation and instil a sense of responsibility.

In conclusion Da Silva (2008: 29) points out that the importance of human resource training and development in dispute prevention and settlement is often overlooked. Many workplace problems and issues are the result of unsatisfactory supervisory management and the lack of awareness on the part of employees about the workings of the enterprise.

In other words, De Silva reiterates that training and development must become a key component of policy development and implementation. All too often labour disputes can be attributed to poor training and development programs within the operational management ranks of the organization and its employees even though they often have suitable policies in place.

Tyler (2005: 1303) points out that an organisational environment characterised by fair procedures will activate strong employee organisational identification, thus leading employees to engage in desirable workplace behavior and to hold positive attitudes towards their work organisation. Tyler (2005: 1303) further mentions that various aspects of an organisation's policies, human resource practices, and culture may potentially influence employee rules following and employee's ethical values regarding their work organisation. Tyler (2005) highlights the importance of fair procedure and how employee organisational identification and engagement are positively affected by such practices. In other words one finds that fair and ethical organisational policies contribute significantly towards positive employee commitment within the organisation.

Tyler (2005: 1304) also mentions that an alternative set of management theories argues that employee reactions to their work organisations may be based on their judgments about the fairness of the procedures used in the work place. Factors affecting these fairness judgments may include, for example, whether the procedures allow employees to have input into decision making processes, whether they require that objective information be used in decision making and whether efforts are made to reduce biased treatment. One finds a strong reference to employee participation when determining what constitutes a fair organisational policy. Da Silva (2008) mentions(*op.cit*) some fundamental attributes that labour and human resource policy should possess namely;

- suitable recruitment and training
- participative employment relations
- career development and,
- two way communication structures.

Tyler (2005)(*op.cit*) however mentions that participation and fairness in practice are important for achieving employee acceptance and compliance. What appears relevant from the point of view of the above authors is a need to include employees in the development of organisational policies and ensure policies are fair in practice and geared towards collaborative objectives. Human resource policies need to be suitably integrated with labour policy, which means that an interlinking relationship

must exist between the two sets of policies and training. Furthermore awareness must become a cornerstone of any policy development program to ensure that translation and proliferation of the agreed policies occurs throughout the organisation.

3.3.2 Defining the Importance of Training and Development within the Modern Organisation

Vemić (2007: 209-210) mentions that modern business requires more and more knowledge and skills that are still inadequately present in the formal school education, i.e. the gap between business requirements and the knowledge acquired at school is growing. She further points out that since organisational knowledge is largely located inside the human mind, i.e. the head of employees, as carriers of knowledge and activities, human resources are becoming the key factor in business success. Organisational development is always conditioned by human knowledge and skills and for this reason contemporary organisations pay more and more attention to the development of their employees. It is for this reason that employee education and training are becoming an optimal answer to complex business challenges and why the management of human resources is taking a central role in modern management.

Vemić (2007) makes mention of two particular considerations within the modern organisation; namely, that all too often formal training acquired at school does not adequately equip employees with some of the necessary skills required to perform their duties. Secondly, she mentions that it is these skills that ultimately determine organisational effectiveness, as it is quite simply the minds of employees that invariably drive business.

Vemić (2007: 210) further considers training and development from a strategic perspective, mentioning that the strategic procedure of employee training and development needs to encourage creativity, ensure inventiveness and shape the entire structure of organisational knowledge that provides the organisation with uniqueness and differentiates it from the others. This perspective lends itself to the idea that effective training and development strategies can largely impact organisational differentiation, highlighting the point that an organisations approach to

skilling, training and development can improve overall organisational competitiveness in addition to merely improving employee competency.

Vemić (2007: 211) defines training to mean more than only obtaining new knowledge and skills but also the possibility to promote entrepreneurship, introduce employees to change, encourage the changes of their attitude, introduce the employees to important business decisions and involve them actively in the process of decisions making. The concept of employee participation and a need to create a learning organisation is apparent from the study of the above author. This refers to the view that training and learning is not merely a formal process that is to be implemented in an organisation but rather an ethos or culture that needs to be developed in the organisation. This perspective largely changes the complexity of implementing a learned organisation.

Sisson (2007: 22) in reference to (Morgan, 2005: 5) makes mention of the concept learning organisation, which refers to the idea of the organisation as an active learning agency continually combining and recombining elements in its external and internal environment in order to develop the distinctive capacities that will enable it to survive. Sisson (2007: 22) points out that senior managers recognise that learning is not something that individuals do. It is what organisations have to do in order to continuously improve.

This perspective holds particular relevance as it highlights the importance of training and learning within the organisation. This means that training and learning has become a necessity within organisations to ensure competitiveness.

Olaniyan and Ojo (2008: 326) support much of what Vemić (*op.cit.*) mentions submitting that the effectiveness and success of an organisation lies in the people who form and work within the organisation. It follows therefore that the employees in an organisation, in order to be able to perform their duties and make meaningful contributions to the success of the organisational goals, need to acquire relevant skills and knowledge. Olaniyan and Ojo (2008: 328-328) go on to highlight other authors that reiterate the usefulness of training as follows:

Pitfield (1982) who is of the opinion that the objectives of training are to;

- Provide the skills, knowledge and aptitudes necessary to undertake the required job efficiently.
- Develop the workers so that if he has the potentials, he may progress.
- Increase efficiency by reducing spoilt work, misuse of machines and lessening physical risks.

Obisi (1996) submits that training and development aim at developing technical, human, conceptual and managerial competencies among others, for the furtherance of individual and organisation growth; while, Akinpeju (1999) postulates, that the process of training and development is a continuous one. The need to perform one's job efficiently and how to lead others are sufficient reasons for training and development and the desire to meet organisational objectives of higher productivity, makes it absolutely compulsory.

Olaniyan and Ojo (2008: 330) conclude that training reduces the work of the managers in terms of close supervision. It also improves the drive, initiative and quality of the work of employees, thus assisting them to become more committed to achieving the goals and objectives of the organisation. This also has the tendency of enhancing effectiveness amongst workers within the organisation.

The above authors support the fact that training and development is not only a necessary objective within any organisation for the purpose of achieving higher levels of productivity, improved organisational efficiencies and an aptitude necessary to perform required duties, but also that training and development contributes towards improved employee drive and general attitude towards work.

3.4 CHAPTER SUMMARY

The focus of this chapter was on obtaining a literary perspective on the research topic focusing broadly on the following three themes.

- Firstly, an overview of labour relations encompassing the definition of the term labour relations and, more precisely what labour relations effectively meant as a practising discipline. This also included defining the key role players in labour relations focusing on the primary role players and more specifically those

who possess significant influence in the determination of policy. Lastly the overview reflected on the fundamental issues influencing labour relations, labour practice and policy formulation, briefly considering historical and contemporary issues.

- Secondly, an understanding of human resource management and the complexities of managing people were discussed. This discussion considered the relationship between human resource management and industrial relations. The emphasis in this regard was to gain an understanding of how these two disciplines were interrelated and the influence that HRM had on both determining labour policy and influencing labour relations. Human motivation within the context of HRM and labour relations was discussed.
- Lastly, the purpose of labour policy and the need for training and development was reflected on, concentrating on defining policy suitability and purpose, as well as the importance of training and development within organisations. This also included an understanding of what constitutes suitable policy, and more importantly, the underlying purpose of labour policy within modern organisations.

CHAPTER 4 – RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

The purpose of this research is to determine whether poor labour relations practices within ABC (Pty) Ltd. can be attributed to management labour relation skills and unsuitable or limited labour relations policy. Although it can be concluded that research has in the past been conducted on factors contributing to limited and/or ineffective industrial relations practices, this research paper will focus specifically on the criteria necessary for suitable labour policy development, as well as the need and importance of conducting comprehensive training in pursuit of improved management and employee industrial relations competencies.

Coldwell and Herbst (2004: 2) mention that business research is a management tool that companies use to reduce uncertainty. Coldwell and Herbst (2004: 2-8) mention the objectives behind business research, but more importantly define to a large extent the key fundamentals that business research should achieve and under which principles this research design and methodology will be conducted. This definition in brief amounts to the effective collection and analysis of relevant data, which is comprehensively communicated to management in a manner that supports the decision making process through the elimination of uncertainty. Therefore it is expected that this research paper will offer suitable findings to validate the research hypothesis and support both decisions and actions necessary for the achievement of improved labour practice at ABC (Pty) Ltd.

In determining the research design and methodology, reflection on the topic is necessary, which is primarily focused on industrial relations management and which has become a highly litigious issue at ABC (Pty) Ltd. over the past five years, resulting in employee conflict and strained labour relations.

The research hypothesis is focused on determining whether the training of managers on an appropriate labour relations management policy is critical for harmonious labour relations at ABC (Pty) Ltd. In order to validate this hypothesis, the following objectives were determined namely;

- To determine what experience and training managers currently have in industrial relations management.
- To determine what training and skills managers require for the improvement of their industrial relations competencies
- To research the minimum requirements for an appropriate labour relations management policy and,
- To investigate best practice labour relations within the industry and establish necessary skills and training requirements for managers.

This chapter discusses the overall research approach that will be applied, explaining the use of both qualitative and quantitative approaches to the research design and specifically identifying the methodology, such as the use of surveys, interviews and data collection methods as well as the justification and validation of these chosen approaches. The chapter will consider triangulation and the importance and validation of data collection through this method. Validity will be used to determine cause and effect. The focus here will be to ensure chosen methods address the research problem appropriately, while reliability will be used to confirm data integrity.

In this chapter sampling methods will be discussed as well as the use of inferential statistics to generalise from available data. Analysis methodologies, report format and presentation will be discussed focusing specifically on data presentation. Lastly ethical issues and limitations in the study will be considered focusing on ethical compliance, data integrity and any limitations and assumptions in the overall research design, as well as the actions to be taken to reduce these inherent limitations.

4.2 RESEARCH APPROACH AND METHOD

4.2.1 Research Approach

The research will be addressed through the application of two specific research strategies; descriptive research and exploratory research. The descriptive research approach will aid in establishing what characteristics within the population samples exist, focusing on the, 'who', 'what', 'when' and 'where' questions around training and policy requirements, as mentioned by Coldwell and Herbst (2004: 9).

Therefore the relevance of the descriptive research approach is primarily to understand the population being assessed within ABC (Pty) Ltd., namely the managers. This approach will support the determination of research objective one. Exploratory research will focus on determining the, 'what' and 'how' portion of the research. This refers to what defines a suitable labour policy, what factors should be included in a suitable labour policy and what factors should be excluded from a policy, if any. More specifically, what policies and resultant practices support harmonious labour relations? The exploratory approach contributes towards determining objectives two through four taking into consideration the complexities defined within chapter 2 and chapter 3 of this research paper.

The research will include the application of both quantitative and qualitative methods. Quantitative methods will be used more specifically in analysing/collecting secondary data and qualitative methods will be used in analysing/collecting primary data. Both however will be used when deemed necessary for the determination of research objectives. At a qualitative level, interviews will be conducted on a sample population of management. The interview process will be conducted using a semi-structured interview method, encompassing a mixture of specific and broad based questions. This questionnaire (Exhibit E1) is designed to achieve four outcomes

- Firstly, an understanding of current management feelings, perspectives and actualities around labour practices and policies within ABC (Pty) Ltd.
- Secondly, to determine possible contributing factors, with reference to the complexities uncovered in chapter two and three of this research paper; in other words some of the questions will be positioned around these complexities.
- Thirdly, to achieve reliability and validity within the questionnaire and interview process, and
- Lastly to obtain data that can be analysed quantitatively.

The interview process was deemed suitable for collecting data primarily because it uses closed and open-ended questions which allowed the respondent the opportunity to expand on their views and thereby offer further consideration and understanding of the various issues. These interviews will be conducted in a

controlled and private environment on a one-on-one basis, which will support anonymity and promote a higher degree of freedom of expression.

Quantitative methods will be applied in two key areas of the research:

- Firstly, through an employee questionnaire survey (Exhibit E2), which is designed to collect specific information that will be analysed using quantitative methods such as, Pareto charts, histograms and data ranking,
- Secondly, a documentation review, which is aimed at collecting company specific information from a pre-defined sample of companies with similar demographics, including a systematic random sample of companies within the sample population. The documentation review will be completed with the assistance of the human resource managers of these organisations and will include 15 (being the calculated sample amount) small to medium companies with similar demographics to ABC (Pty) Ltd. The focus of this documentation review will be to aid in the collection of quantitative data necessary for hypothesis testing and the realisation of research objectives.

This research aims to not only determine whether the training of managers on a suitable policy leads to improved and harmonious labour relations within ABC (Pty) Ltd., but to further and with some measurable certainty confirm whether organisations with trained managers actually have better labour relations versus organisations whose managers have not been trained. In order to validate this hypothesis beyond the confines of ABC (Pty) Ltd., information pertaining to the number of labour disputes will be compared to the number of trained managers within those organisations through the use of a linear regression model. The purpose of this model is to determine if there is any correlation between high levels of labour dispute referrals and the amount of trained managers within the sample organisations.

4.2.2 Reliability

Reliability testing will be used to determine overall survey and interview questionnaire reliability. This will be achieved by replicating questions within the survey and interview questionnaires through the utilisation of different rhetoric. These control questions will be testing the same response but within a different

syntax or construction in the wording. These predefined questions will be known to the researcher and will be compared to ensure similar selection choice, thereby checking for repetition in answer selection. Should these questions produce similar answers it will be concluded that the survey and interview questionnaires are reliable.

4.2.3 Validity

Validity will be ensured by addressing the four validity issues as specified by Coldwell and Herbst (2004: 18). This will include the following aspects:

- Face validity will be achieved by using preliminary surveys and questionnaires. These results will be vetted against a score chart to determine the effectiveness of the measurement prior to determining the final questions and their suitability.
- Content and construct validity will be achieved by conducting a comparative assessment against similar studies and literature, to determine viability of content.
- Criterion validity will be achieved by collecting and reviewing similar research questionnaires and surveys in an effort to validate response content. This content will be assessed against the preliminary content and necessary adjustments will be made to ensure that reliability is achievable.
- Data validity is tested through statistical computer software which will be validated using a p-value for the determination of data normality. Any value greater than 0.05 will be considered normal data for the purpose of linear regression testing.

4.2.4 Generalisability

Generalisability will be achieved as far as possible through the use of sample selection methods to achieve acceptable levels of generalisability within the samples selected. In other words, sample populations will be determined as randomly yet relatively as can be achieved within the time available and are therefore believed to be generalisable within the greater population. Due to this research being focused on similar sized organisations to that of ABC (Pty) Ltd. this generalisation will be limited

to these sized organisations. For the most part this research addresses factors within this particular business demographic, a perspective that will be discussed later under research limitations.

4.2.5 Triangulation

Triangulation will be achieved through the following triangulation methods, triangulation by investigation and data triangulation. Triangulation by investigation will be achieved through the use of ABC's human resource manager. The human resource manager will be asked to collect random sets of data during the data collection process, this exercise will be replicated by the researcher and the results will be verified. This process however will be limited to smaller sample sets due to the time required for validation. Data triangulation will occur through the sample process allowing data to be collected at different time frames and at different locations within the business and at external organisations.

4.2.6 Primary Risks

There are two primary risks of bias deemed relevant in this research. Firstly sampling bias associated with the interview and survey questionnaire distribution and secondly, bias due to unfulfilled survey results being averaged. In order to limit this bias stratified sample methods will be applied. These strata will ensure that a fair and diversified representation of the sample populations is achieved. All partial or incomplete survey questionnaires will be marked as void and either be eliminated from the data analysis process or be re-issued to other respondents for completion. Should the percentage of returned questionnaires be low from a particular strata this will increase the bias for that particular strata and for this reason response returns will be calculated against the various strata and be averaged to limit this bias.

4.3 DATA COLLECTING METHODS

A survey questionnaire (Exhibit E2) will be used for the collection of information at employee level. This method of collection has been chosen for many reasons but mainly because employee surveys can be completed anonymously and is inexpensive and easy to analyse. In addition surveys will offer a suitable method for

collecting primary and quantitative information specific to current management skills and training needs, addressing research objectives, one and two. These questionnaire surveys will be coded with specific questions necessary for data analysis.

Interview questionnaires (Exhibit E1) will be used to further address objectives one and two, offering a suitable method for further collection of data and a better understanding of training needs and current skills. Interviews will support further discussions and assist in clarifying answers from questionnaires further supporting detailed data collection.

Documentation review will be used to address objectives three and four. Documentation review has been chosen due to its effectiveness in obtaining information without interrupting the sample organisation. The documentation review is effective in determining historical and current information pertaining to organisational practices. This method will assist in obtaining suitable data for analysis purposes.

4.4 SAMPLING

The sample population for this study includes managers and employees from within ABC (Pty) Ltd., and labour practice and training data from a homogenous sample of organisations other than that of ABC. A stratified sample method will be used for managers and employees to ensure each stratum or level of employment is represented within the sample due to the diversity of the operations within the organisation. This method has been selected primarily due to the geographical disbursement of managers and employees and not due to the large number of managers and employees within the organisation. Therefore a sample of the total population will be the most cost effective and least time consuming collection methodology.

Sample sizes are based on a mathematical confidence interval level calculation formula (Figure 4.1) therefore in order to achieve a 95% confidence interval level for the collection of employee data a sample of thirty three respondents is needed. A 65% confidence interval level has been calculated (Figure 4.2) for organisational information data collection due to the large population and limited time

frames requiring a sample of fifteen respondents. The limited time frame and large population found in organisational data collection has resulted in the acceptance of a higher degree of error. It is however believed that this level of error will still conclude with some degree of confidence whether training has an influence on the achievement of harmonious labour relations.

One Mean	Inputs	Comments
α	0.05	Typically 0.05
β	0.20	Typically 0.10 or 0.20
$(\mu_1 - \mu_0)$	1	Difference from target mean, m_0
σ	2	Can be a best guess
1 or 2 Sided	2	Typically 2 sided
N	33	Take a random sample

Figure 4.1 Simple Random Sample Calculations with Binomial Data.

Adapted from: Breakthrough Management Group Inc. (2004).

One Mean	Inputs	Comments
α	0.35	Typically 0.05
β	0.20	Typically 0.10 or 0.20
$(\mu_1 - \mu_0)$	1	Difference from target mean, m_0
σ	2	Can be a best guess
1 or 2 Sided	2	Typically 2 sided
N	15	Take a random sample

Figure 4.2 Simple Random Sample Calculations with Binomial Data.

Adapted from: Breakthrough Management Group Inc. (2004).

This sampling methodology will ensure that at least one manager from every management level and two employees are represented within each operational portfolio or stratum within the organisation. Therefore three particular populations will be used in the collection of data for this research:

-
- Firstly the employees within ABC(Pty) Ltd. This sample population required the inclusion and representation of at least two employees from within each particular portfolio and/or level within the business; meaning that every position within the organisation is represented by at least two employees; for example, two consultants, two senior consultants, two managers, two warehouse clerks and so forth. This sample collection method ensures that at least every position within the organisation is represented in the sample population, and that within each position at least two opinions are collected for analysis purposes. The focus at this level is not on empirical validation but qualitative evaluation. In other words, what needs to be determined is how employees feel in general about formal training on labour relations practices and policies and if they believe that training and suitable policy will improve organisational labour relations.
 - The second sample group is managers within the organisation and once again a stratified method will be applied. This means that within every portfolio or management tier, at least one manager will be selected. Due to the limited size of this population this sample will effectively cover the large majority of managers within the organisation, meaning that at least 85% of all managers will be surveyed. Limitations that could occur however are the availability of managers within foreign or outlying areas resulting in the possibility of that particular strata not being represented in the sample population. This could result in bias or skewed results as certain of these strata have diverse and often dissimilar labour issues and/or perspectives within the organisation. Should one of these stratum not be represented in the sample selection an alternative method of sampling will be considered to ensure that all strata are at least represented within the population sample and not only managers from one particular stratum.
 - The final sample population selected are organisations with similar demographics to that of ABC (Pty) Ltd. The chosen sampling method for data collection is a simple random sample approach. This method ensures a random, cost effective data collection methodology which will support the limited research time lines. Therefore fifteen businesses with similar demographics will be randomly selected from a list of South African registered business using a random sample. In order to maintain anonymity the selected companies will be referred to as Company (A) to Company (O) within the research.

4.5 ETHICAL ISSUES

The primary areas of ethical consideration within this research are;

- Privacy, relating to the anonymity of the respondents within the interviews and surveys.
- Confidentiality, as much of the data collected will be the opinions of various people given exclusively for the purpose of research, and confidential company data that must remain anonymous.
- Lastly, professionalism, relating to the manner in which the information has been collected, processed, verified and validated.

In addressing the first two ethical considerations, namely confidentiality and anonymity, all interview questionnaires will have attached a declaration of consent and confidentiality. No surveys or interviews will have any information published that identifies the name, position, title or company of any respondents and/or their organisation. Information published within the research report will be coded in such a manner that only a generic reference will be made; for example, Company (A), Company (B) and respondent (a) and respondent (b).

The third critical ethical issue that will be addressed within this research is the principles that relate to the exact procedures used for collecting data and the analysis of this data. All measures will be taken to ensure that data collection, validation and verification are conducted in a manner that allows for transparency and verifiable testability. This will include a full explanation on how information is collected, analysed and reported. These detailed steps have been explained within the research paper and include methods that will be used to achieve data verifiability and reliability. These steps are discussed under section 4.2 to 4.3 of this research paper.

A declaration of originality is attached to this research paper and can be found on page (i) at the beginning.

4.6 ANALYSIS OF DATA

The data gathering tools include documentation review, interview questionnaires and survey questionnaires. Survey questionnaires will be used for collecting employee information, interview questionnaires will be used for collecting management information and documentation review will be used for collecting organisational data. The analysis of each of these methods will be discussed separately for clarity purposes and to segregate the analysis purpose and methodology. Simple and understandable methods of information analysis and presentation will be used in most scenarios to limit data complexity and improve translucency for reporting purposes.

Survey questionnaire results obtained from the employee surveys will be pre-coded based on pre-defined categories relevant to research objectives and the research hypothesis. This pre-coded data will be filtered into the pre-coded categories necessary for analysis. This analysis will consist of descriptive statistics e.g. Data ranking, Pareto charts and histogram analysis through the application of statistical software.

These findings will in turn be displayed within the research paper in the pre-coded format necessary to support or reject the hypothesis and determine research objectives. This data analysis will assist in determining objectives two and three and in determining whether training and the development of a suitable policy are factors that might contribute to the achievement of harmonious labour relations.

Interview questionnaire results obtained from the management interviews will be post-coded and pre-coded. Pre-coded data will be based on pre-defined categories relevant to research objectives and the research hypothesis. Post-coding will be specific to the open-ended questions within the interview and will require post-coding due to the impromptu questioning method of open-ended questioning. Both pre-coded and post-coded data will be filtered into the relevant coding categories specific to the research objectives and hypothesis. This data will be displayed using descriptive statistics such as data ranking, Pareto charts and histograms. These charts will be created through the application of statistical software and will be displayed within the findings section of this report. This data analysis will assist in

determining objectives one and two, and in determining whether training and the development of a suitable policy are factors that might contribute to the achievement of harmonious labour relations.

Documentation review will include sample organisation data. This analysis will be processed using two particular methods; firstly through descriptive statistics e.g. data ranking, Pareto charts and histograms. Secondly, data will be used in a linear regression model to determine whether a relationship exists between management trained in labour relations and employee disputes which are referred to relevant bargaining and mediation councils. This information will be displayed within the model and through various descriptive statistics such as fitted line plots in the findings section of this research paper. This data analysis will assist in determining the research hypothesis namely whether training managers on a suitable labour relations policy is critical for harmonious labour relations at ABC (Pty) Ltd. The linear regression model will assist in determining whether training is a critical factor in achieving harmonious labour relations.

4.7 LIMITATIONS OF THE STUDY

Every effort will be made to ensure that this research is conducted as comprehensively and objectively as possible, but the following limitations might hinder or impact the validity of this research.

- Limitations in sample sizes used for relevant surveys and interviews due to poor response rates. Sample size selection has been based on a calculated sample size using either a 65 or 95 per cent confidence interval level. These calculations have pre-determined a sample of fifteen respondents for the organisational data survey and thirty three respondents for the employee survey questionnaires.
- Limitations in responses and candidate willingness to participate might reduce this ideal response quantity. In order to combat this occurrence, additional respondents will be added to the unit count increasing the probability of achieving the desired respondent count as specified by the random sample calculation.
- A further limitation is the lower confidence interval level being used on organisational data. A higher confidence interval level will result in a significantly higher respondent count which is not achievable in the available time frame, but

for the purpose of this study, a 65 per cent confidence interval with a 0.20 beta is deemed suitable for this portion of the research.

- Due to the geographical disbursement of managers within the organisation a suitable sample of each stratum might not be obtained. In order to limit this occurrence an additional managers survey will be considered which will replicate interview questions but in a survey format. These surveys will be distributed should it be determined that an insufficient representation of each management stratum has been achieved.
- Further limitations include overall time constraints which could impact both data calculation time and survey/interview response time lines. Data calculations and survey disbursement will begin early in the project and further to this interview participation will be published well in advance in an effort to confirm respondent participation numbers, times and dates.

Although every effort has been made to conduct this research within a demographic, homogenous to that of ABC (Pty) Ltd., data might not conclusively be representative of ABC's labour and HRM environment, possibly skewing results. The sample selection method used is a random sample within the confines of this homogeneous structure and for this reason there is a probability that organisations with largely different labour structures could possibly be included in the sample selection. In order to manage this occurrence a higher allowable error of accuracy has been accepted on this particular sample quantity with a 65 per cent confidence interval level.

Documentation review and data collection presents the following limitations in methodology,

- A large portion of the data collection will be achieved through either survey questionnaires or interview questionnaires, making up 85% of the data collection methodology. This methodology is therefore highly dependent on question suitability for extracting research data.
- Due to this high dependency on question and statement results, question coding and wording is considered a notable limitation within the research. In order to

combat this limitation coding will be completed by two individuals. This coding will be matched and variances will be isolated and re-assessed for consistency.

4.8 ASSUMPTIONS OF THE STUDY

This research will be conducted in the manner described within chapter 4 of this research paper. However certain assumptions have been made in defining the research methodology. These assumptions are as follows:

- The research respondents will be available and willing to participate in this research. Responses are required for the collection and analysis of data therefore an assumption has been made that all respondents will be available and willing to participate in this research.
- All respondents will complete questionnaires honestly and comprehensively during the research. The assumption has been made that all survey questionnaires and interviews will be answered honestly and diligently. Responses that do not reflect the true feelings and opinions of the respondents could seriously affect the validity of this research.
- Access to and the availability of documentation during the research process. In order to complete quantitative analysis data will be required from other organisations. An assumption has been made that obtaining this information will be achievable within the required time period.
- That the data collected will be sufficient to support the hypothesis.
- That the research methodology will suitably support the research objectives.
- That secondary data supplied will be accurate.

4.9 CHAPTER SUMMARY

This chapter details the research design and methodology used in this research. Firstly the research approach and method is discussed detailing the research strategy and the use of both descriptive and exploratory research, including the application of quantitative and qualitative methods. Quantitative methods will be used specifically in analysing and collecting secondary data and qualitative methods will be used in interview data collection. Test-retest reliability is discussed and the use of replication in questioning with differing rhetoric as a method of verifying

research reliability. Validity will be achieved through various validity tests such as content and construct validity, criterion validity and data normality testing. Generalisability and triangulation are discussed focusing on sample selection and the replication of data sets during data collection to achieve triangulation.

The data collection methods are discussed mentioning the three primary methods that are to be used; namely, survey questionnaires for the collection of employee opinions, interview questionnaires for the collection of management opinions and perspectives and finally documentation review for the collection of external organisational data. The sample population for this study included managers and employees from within ABC (Pty) Ltd. and also included policy and labour practice data from other organisations.

A stratified sample method and systematic random sample method was the chosen sample methodology. Sample size was calculated using a mathematical formula with an expected confidence interval level of 65 per cent for organisational data collection and an expected confidence interval level of 95 per cent for employee questionnaire surveys. The management interview sample was not calculated as nearly all managers were included in the sample.

The importance of ethical considerations was discussed detailing the need for confidentiality, anonymity and protection of human rights while conducting this research. Further to this a full and detailed explanation of how the research was to be conducted needed to be present in the research paper. Lastly, limitations and assumptions of the study were discussed covering limitations in sample size, geographical disbursement of manager which could result in unrepresentative participation and limitations in post and pre-coding due to coder bias. Certain assumptions have been made in the research, such as the availability of respondents, that the honest and comprehensive completion of all questionnaires would occur and that access to and availability of organisational data would not be restricted.

CHAPTER 5 – DATA ANALYSIS AND FINDINGS

5.1 INTRODUCTION

Chapter 5 is focused on three fundamental areas namely;

- The analysis of data collected through the various collection methods comprising of a survey, interview and documentation review.
- The analysis of information revealed in the theoretical frameworks (chapter 2) and literature review (chapter 3), and
- The presentation of findings determined from the analysis of this information.

According to Coldwell and Herbst (2004: 131) the fundamental findings of the research should be clearly enumerated. The main purpose of this is to provide the basis for supporting the results, conclusions and recommendations that the researcher draws from those findings.

Data analysis and findings are therefore a vital part of the research report as the analysis and findings portion of the research provides the platform for the conclusion and recommendations. This step in the research also influences the recommendations that will be made and supports the implementation of these recommended changes.

Firstly, this chapter covers an analysis of the theoretical frameworks and literature review, focusing on objectives two, three and four, which were;

- To determine what training and skills managers require for the improvement of their industrial relations competencies.
- To research the minimum requirements for an appropriate labour relations management policy and,
- To investigate best practice labour relations within the industry and establish necessary skills and training requirements for managers.

The literature review and theoretical frameworks offer extended insight into what practices and policies both contribute to improved and harmonious employment relations and what the requirements are for a suitable labour policy. This is

facilitated by investigating the complexities within both the employment relations field and general business environment. Therefore, chapter 2 and chapter 3 further investigated the contributing factors that might at first glance seem beyond the scope of employment relations.

Secondly, this chapter will cover an analysis of the survey and interview questionnaires focusing on the evaluation and calculation of data collected through the management interview process and employee survey process. This analysis will focus on objectives one and two namely;

- To determine what experience and training managers currently have in industrial relations management.
- To determine what training and skills managers require for the improvement of their industrial relations competencies

The analysis of this information is presented using two formats: descriptive discussion and the use of graphs, tables and charts where appropriate. This discussion is related to the relevant objectives defined in chapter 1 of this research and will be discussed under the following central themes:

- Policy formulation and development.
- Management skills and training.
- Criteria for harmonious labour relations.

5.2 ANALYSIS AND FINDINGS OF THEORETICAL FRAMEWORKS

5.2.1 Policy Formulation and Development

The policy formulation and development portion of this analysis under the theoretical frameworks heading focuses on objectives three and four, which are;

- To research the minimum requirements for an appropriate labour relations management policy and,
- To investigate best practice labour relations within the industry and establish necessary skills and training requirements for managers.

The resourced-based view (RBV) promoted by Prahalad and Hamel (1990) highlighted the assertion that the critical difference between organisations could be attributed to their bundle of tangible, intangible and human assets. These assets are believed to define organisational capability and attention was given to the human portion consisting of the skills, know-how and capacity for communication, collaboration and motivation. Grant's (2005: 139) model made reference to these criteria, pointing out that organisational performance was highly correlated to these internal resource capabilities. The central theme being that communication, collaboration and motivation were often defined in organisational policy and practice. The key finding was that suitable policy needed to be supported by, or include, effective communication, collaboration and motive to effectively achieve the overall objectives of the organisation. In other words, suitable policy formulation would be unachievable if effective communication channels were not established, if there was no collaboration between management and employees in defining these policies and if these policies were counter to the achievement of a motivated work force.

Cameron's (2003) model depicted the relationship that existed between the various components of a business. The importance of these components and their interrelationship highlighted certain important considerations when formulating an organisational labour policy. These findings were as follows:

- Organisational structure and culture are integrated. The past culture of the organisation has, to some extent, formed the present structure and changes to policy will impact both this structure and culture. For this reason policy development needs to take current structure and culture into consideration as both could become a large hindrance in achieving changes to policy and practice.
- Environment, job type and technology differ within certain divisions of the organisation. For this reason policy will need to transcend this diversity and be consolidated to create uniformity. For example, one division has low/semi-skilled employees and another has very high skilled employees, both in largely differing environments.

Budd (2010: 40) points out that work fulfils important psychological and social needs and provides more than extrinsic monetary rewards. Budd (2010) further mentions

that equality in the work place is a central issue, and that conflict is not an inherent and a permanent feature of the employment relationship but a manifestation of poor human resource management policies. The central findings that were determined necessary in any policy were the following:

- The attainment of equality in the formulation of labour policy must be a central consideration. At the very least collaborative agreement must be achieved if any policy is to be effectively adapted into the organisation.
- Employees have aspirations beyond merely intrinsic monetary reward. Policies must be developed beyond the scope of merely functional labour processes and need to incorporate the interests of both parties.
- Conflict is often the result of extenuating circumstances beyond the scope of policy, such as management conflict. Policies need to incorporate practices that can facilitate these factors, such as grievance procedures.
- Policy needs to incorporate external factors such as industry pressures resulting in retrenchments. Job security is a fundamental interest of employees and policy must identify fair and equitable practices for dealing with this type of scenario.
- Collective bargaining and the approach to unionisation. Policies need to consider the future possibility of collective bargaining platforms and the approach to union management.

Maslow's (1954) Hierarchy of Needs model highlighted the consideration of human needs within the work environment. The primary findings being that human needs contribute to human motive. The ability to define these needs determines the extent of collaboration, commitment and motivation. The relevance of this in so far as it affects labour policy was as follows:

- Policy needs to support the attainment of lower level needs as well as higher level needs. This means that employees need to not only earn a fair wage but have the opportunity to achieve higher level needs such as career growth.
- Policy needs to be developed in such a manner that needs fulfilment is achievable. In other words, policy must be reasonable minimum wage should be an acceptable amount and working hours should be considerate of employee's social lives.

5.2.2 Management skills and Training

The management skills and training portion of this analysis under the theoretical frameworks heading focuses on objective two,

- To determine what training and skills managers require for the improvement of their industrial relations competencies

Likert's (1967) Four Systems of Management model was considered in relation to the management skills and training necessary for the attainment of harmonious labour relations. Likert defined management within four systems: system 1 exploitative authoritative; system 2 benevolent authoritative; system 3 consultative and system 4 participative. A participative system was considered the most suitable for the achievement of harmonious labour relations due to its collaborative and cohesive practices and principles. This model highlighted the following findings that were of relevance in the development of management skills and attainment of harmonious labour relations:

- Well-developed policies do not necessarily result in effective management practices due to cultural, structural and inherent management styles.
- There is a need to address the organisational management culture and style if harmonious labour practices are to be achieved as the collaborative relations needed for achieving these practices can only be achieved within a collaborative or consultative management system.
- ABC (Pty) Ltd. currently displays traits of system 2 benevolent authoritative and needs to move to a least a system 3 consultative approach to effectively achieve the desired level of collaborative relations necessary for harmonious labour relations.
- ABC (Pty) Ltd. will need to implement a strategy and program to develop management practices and skills necessary to support a management system transition.
- Harmonious labour relations can only be achieved within a system 3 or system 4 approach. Managers trained on new policies will not achieve the desired results of harmonious and collaborative employment relations if the company management style is not addressed.

- Managers need to be trained in skills beyond the confines of labour and new labour policy, which include effective approaches to managing people within the organisation.

5.2.3 Criteria for Harmonious Labour Relations

The harmonious labour relations portion of this analysis under the theoretical frameworks heading focuses on objectives three and four, which are;

- To research the minimum requirements for an appropriate labour relations management policy and,
- To investigate best practice labour relations within the industry and establish necessary skills and training requirements for managers.

Grant's (2005: 139) model highlighted human resources as one of three resourcesthat contribute to organisational competitiveness. The human factor encompassing skills and know how, communication, collaboration and motivation effectively determines organisational capability.

Harmonious relations within an organisation are a prerequisite for achieving these organisational capabilities because organisations that are in constant dispute and conflict with their human resources are unlikely to be competitively capable. The following is therefore determined as necessary for the achievement of harmonious relations:

- Skills and know-how; organisations must develop and skill their employees. Employees with higher levels of skill are more likely to understand and be supportive of organisational goals, objectives and limitations fostering an environment of better collaboration and understanding due to higher levels of knowledge and education.
- Communication:organisations that have suitable communication structures with both upward and downward channels are more lightly to achieve harmonious relations, as employees are able to discuss concerns with management which in turn creates an environment of honesty and trust allowing problems to be openly debated.

- Collaboration: organisations that foster a work environment that supports collaborative discussion ensures commitment and buy-in, which are both necessary for the attainment of organisational harmony.
- Motivation: organisations that have employees who are motivated are more likely to achieve the agreement and co-operation necessary for resolving company conflict and achieving organisational goals and objectives.

Maslow's (1954) Hierarchy of Needs highlights the complexity of human needs within the labour relationship. In other words one finds that humans are driven and motivated by the realisation of these needs. The fulfilment of these needs drives human satisfaction and in order to achieve harmonious labour relations these needs must be considered in the employment relationship. Therefore consideration must be given to the following:

- Physical and emotional needs. Minimum wage payments are necessary to obtain basic standards of living.
- Safety needs. These include occupational health and safety, work environment and health benefits.
- Affiliation needs. These aspects encompass organisational belonging and participation.
- Esteem needs, which include recognition programs at work and reward benefits, bonuses and incentives.
- Self-Actualisation. This includes opportunities for growth, promotion and development.

These needs must be fulfilled in order to achieve high levels of employment harmony. Organisational programs and practices must address action plans that consider human needs in order to effectively promote harmonious labour relations.

Atkinson's (1997) model considers human behaviour within a framework which is defined by objectives. The organisations objectives are defined as the primary objectives. These objectives usually include increased profitability, improved customer service and sustainable growth. They however can only be achieved if secondary objectives are achieved such as employee satisfaction, motivation and increased effort. Harmonious employee relations would also be considered a

secondary objective and therefore are affected by second level, secondary objectives such as pay, organisational culture, management style and job design.

Based on this analysis, harmonious relations which are a secondary objective not only contributes to the primary objectives, such as increased profitability and improved service, but can only be realised by fully considering second level, secondary objectives. Therefore, in order to effectively achieve harmonious employment relations other contributing factors must be addressed within the organisations. These factors include the following:

- Basic remuneration policies. Remuneration and wage structures must be benchmarked against industry standards to ensure that comparative payments are being made. Poor remuneration policies will negatively impact the attainment of harmonious employment relations.
- Organisational culture. A culture that is not collaborative and supportive of employee needs will have little chance of success in the attainment of harmonious employment relations. A culture that is not supportive of harmonious employment relations within the organisation needs to be changed.
- Management style. As mentioned earlier a management style that does not support employee consultation and collaboration will not be successful in achieving harmonious employment relations. Therefore consideration must be given to current styles of management within the organisation and necessary actions that need to be taken to address an unsuitable management style.

5.3 ANALYSIS AND FINDINGS OF LITERATURE REVIEW

5.3.1 Policy Formulation and Development

The policy formulation and development portion of this analysis under the literature review heading focuses on objectives three and four, which are;

- To research the minimum requirements for an appropriate labour relations management policy and,
- To investigate best practice labour relations within the industry and establish necessary skills and training requirements for managers.

When developing formal policy and procedure an understanding of the fundamental principles of labour relations was necessary. Authors such as Abbot (2006), Pandey (2007) and the ILO (International Labour Organisation) highlighted certain key underlying concept pertaining to the discipline as follows:

- Employment relations are functional activities and interactions which should support collaborative interactions creating flexibility, skill and loyalty and should be aimed at a workplace free of conflict.
- The employment relationship creates reciprocal rights and obligations. These rights and obligations must be suitably documented and collectively understood.
- The employment relationship extends beyond basic relations between management and employees and should encompass a more complex social interaction, which includes both social and human behaviour management.

Authors such as Cronje, Du Toit, Marais, Motlatla (2003) and Budd (2005) reference the key role players involved in the labour process and mention the legal aspect of the relationship that must be considered as follows:

- The state creates the legal framework through legislation. This legal framework must be considered when developing policy.
- Employees in management positions represent the interests of the owners and employees are usually represented by unions. These interests must be considered and balanced within the policy.
- Two of the key legal frameworks that must be considered when formulating policy are the Basic Conditions of Employment Act 75 of 1997 and the Labour Relations Act 66 of 1995. Policy must comply with this legislation and the minimum requirements of all statutory laws must be complied with.
- The interests of these three key role players differ and as a result consultative frameworks must exist within the organisational labour policy.

Budd (2005) mentions certain key issues that must be considered when formulating policy namely:

-
- Wage issues. Most employees are trying to move out of poverty. Consequently wages form a key role in negotiations and for this reason fair policies on wage negotiation must be included in policy formulation.
 - Balancing corporate pressures. Cost control management must be balanced between fair wage and reasonable operational costs within the organisation.
 - The need to educate and develop employees. Training programs need to form part of human resource and labour policy. In other words policies must address education and employee development, promoting a learning organisation and developing internal skill base.
 - The balancing of work-life. Working hours need to be fair and structured in such a manner as to balance work and private life.
 - Acceptable working conditions supportive of occupational health and safety and compliant with basic standards of employment.

Employment participation is considered paramount in the achievement of harmonious employee relations. The idea of industrial democracy is well cited and labour policy must consider both practices and forms that promote and support participation and collaboration within the employment arena.

Authors such as Da Silva (2008) support the idea of worker participation highlighting that labour relations and policy must move beyond the scope of traditional factors if they are to be successful. Da Silva (2008) believes that worker participation and involvement improve overall skills levels, as well as improving production and efficiency. It is also effective as a motivational tool and promotes organisational innovation.

Da Silva (2008) also points out that suitable policy must address minimum wage issues, ensuring that fair and transparent practices exist in wage negotiation. Pay flexibility based on work performance has become an area that has received much attention, allowing organisations to absorb business downturns and reward appropriately for high performance. Policies need to consider cross cultural dynamics. This is especially relevant for organisations that are operating within different countries and across borders. Training and development, especially on matters defined both within the law and within the organisational policy, must be

communicated to trained staff as well as management so that all employees understand their rights and are made aware of company policy and practice.

Authors such as Khadir-Poggi (2008) highlight the importance of globalisation when considering employment relations. Policies often need to cover multiple cultures in many countries. Policies therefore need to consider these differing environments. Policies of the past have not considered these changing dynamics and one often finds that human resource practices and employee rights are significantly different from one operation to another.

Authors such as Rubery, Marchington, Grimshaw and Willmott (2004) conclude that employment relations defined by an organisation often fragment as the organisation expands globally. What this highlights is that organisational labour and human resource policy formulation need to consider the geographical diversity of operations. The achievement of one unified policy might not be possible anymore.

Da Silva (2008) also pointed out that a sound industrial relations system is closely linked to human resource management policies. In other words, factors such as recruitment, motivational systems and communication need to be considered. The following findings were identified:

- Effective labour policies are in most cases the result of effective human resource policies. This highlights the need to consider both when formulating new policy.
- Company communication channels must support policy and policy development.
- Training and development needs to become a key component in policy development.
- Worker collaboration should take place during policy development and after.

Tyler (2005) mentioned that;

- Policy needs to be fair and employee motivation and engagement was heavily dependent of the fairness of developed policy.
- Participation and involvement in policy formulation is critical for effective policy acceptance and proliferation throughout the organisation.

- Recruitment, training, career development and employee communication were identified as critical ingredients to successful policy development and implementation.

5.3.2 Management skills and Training

The management skills and training portion of this analysis under the literature review heading focuses on objective two,

- To determine what training and skills managers require for the improvement of their industrial relations competencies.

The importance of training and developing for both management and employees was stressed by authors like Vemić (2007), Sisson (2007) and Olaniyan and Ojo (2008) highlight the following key findings:

- Training and development is becoming increasingly more necessary in modern organisations as many formal schooling institutions do not train the key skills necessary in business. Training therefore needs to include legal and process skills.
- Training encourages creative thinking promotes employee participation and ensures that both management and employees understood the critical information needed to perform their duties at work. Training needs to include managers and employees so that both could have meaningful dialogue on labour issues.
- Training needs to become an on-going process, creating a learning organisation.
- Organisations need to implement effective training programs if they want to survive in modern business. Managers need to have skills that move beyond labour skills to include business skills, as well as an understanding of how human resource contributes to organisational competitiveness.
- Training reduces management work load as knowledgeable employees are less likely to make mistakes and more likely to participate and contribute.

5.3.3 Criteria for Harmonious Labour Relations

The criteria for harmonious labour relations portion of this analysis under the literature review heading focuses on objectives three and four, which are,

- To research the minimum requirements for an appropriate labour relations management policy and,
- To investigate best practice labour relations within the industry and establish necessary skills and training requirements for managers.

The key findings identified within the literature review were as follows:

- Employee participation and a collaborative approach must be implemented for the effective achievement of improve labour relations.
- Employer education and development programs must be implemented to foster a learning organisation, improve skills, understanding and promote meaningful participation.
- Consideration for the cross cultural aspects of business. Many organisations conduct operations in differing cultures and environments.
- Basic conditions of employment including fair wage, working conditions, flexible working hours and health and safety.
- An integrated approach to human resource and industrial relations practices. Human resource policies must be the foundation for labour policies.
- Policies must not be standardised for the sake of standardisation but must be adapted to the particular needs and requirements of each business unit.
- The social, human and motivational aspect of human resources must be considered when developing policy. People have intrinsic needs and these needs must be considered.

5.4 ANALYSIS AND FINDINGS OF RESEARCH DATA

5.4.1 Employment Survey Questionnaires

The employment survey questionnaires focused on objectives one and two:

- To determine what experience managers currently have in industrial relations management and,

- To determine what training and skills managers require for the improvement of their industrial relations competencies.

Labour Policies and Practice	Agree	Undecided	Disagree
Employee's understand and have been trained on company labour policy	5	10	18
Employee's believe that there are no differences between IR policy and HRM policy	6	3	24
Current Labour Policies are adhered to by managers at ABC (Pty) Ltd.	5	15	13
Labour policies and practices affect my work performance at ABC (Pty) Ltd.	9	12	12
Organisational Management	Agree	Undecided	Disagree
Managers are suitably trained in labour policies	6	8	19
Manager understand labour policies at ABC (Pty) Ltd.	5	11	17
Poor labour management practices affect my performance at ABC (Pty) Ltd.	13	9	11
Organisational and Human Resource Practices	Agree	Undecided	Disagree
Human resource practices are fair and ethical at ABC (Pty) Ltd.	3	14	16
Human resource practices affect my performance at ABC (Pty) Ltd.	2	13	18
Human resource policies and practices affect harmonious relations at ABC (Pty) Ltd.	16	15	2
I understand the human resource policies at ABC (Pty) Ltd.	2	4	27

Figure 5.1 Coded Summaries of Employee Survey Results.

The results of the employee survey were post coded into three primary categories for research analysis purposes as follows:

- Labour policies and practices

- Organisational management and,
- Organisational and human resource practices.

The results strongly indicated that employees did not fully understand labour policies and were unable to differentiate between IR and HR policies within the organisation. Most employees were not sure whether management were following these policies, as they did not have an understanding of company labour policies. Most employees felt that labour policies were unfair, which can largely be attributed to their lack of understanding of the labour policies. Most felt that human resource policies and practices had little impact on their work performance but that IR and HR policy and practice contributed significantly to the achievement of harmonious employment relations at ABC (Pty) Ltd.

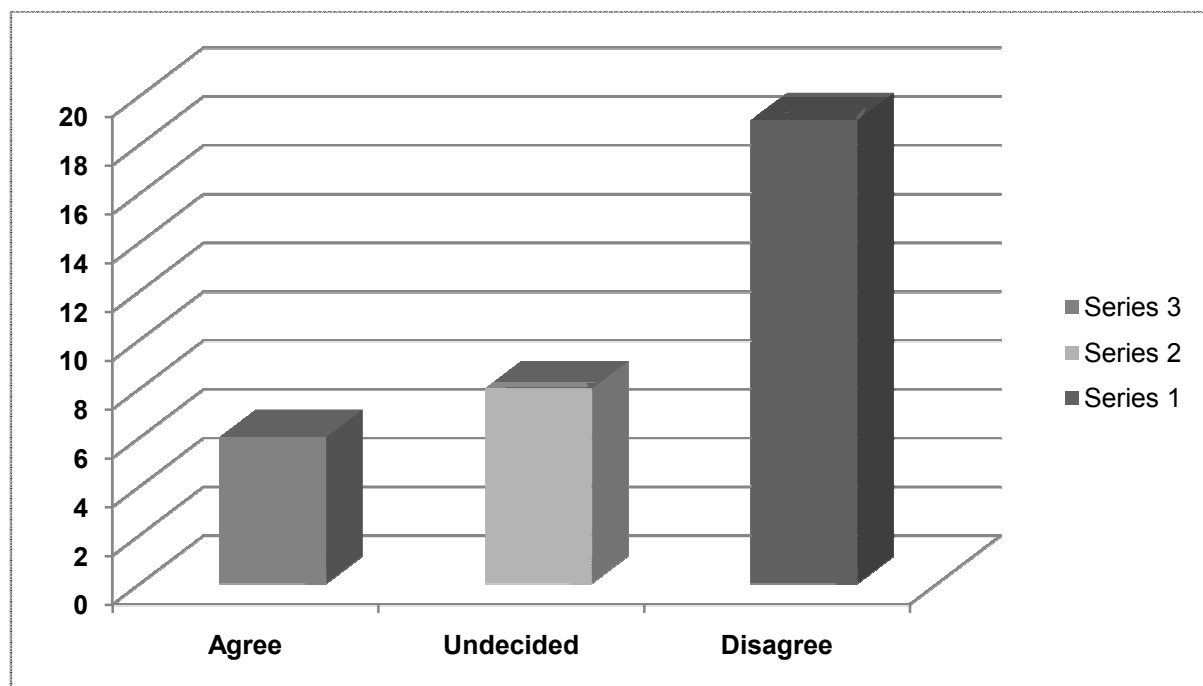


Figure 5.2 Manager Training on Labour Relations / Employee Survey Results.

The consolidated and post coded results from the survey strongly indicated that employees believed managers were unsuitably trained and skilled in employment relations practices. Of the 33 respondents, 19 felt that managers were unsuitably trained in labour relations management skills 8 were uncertain and 6 felt that managers were suitably trained. This result correlated strongly with the attainment of harmonious relations at ABC (Pty) Ltd. displayed in figure 5.3.

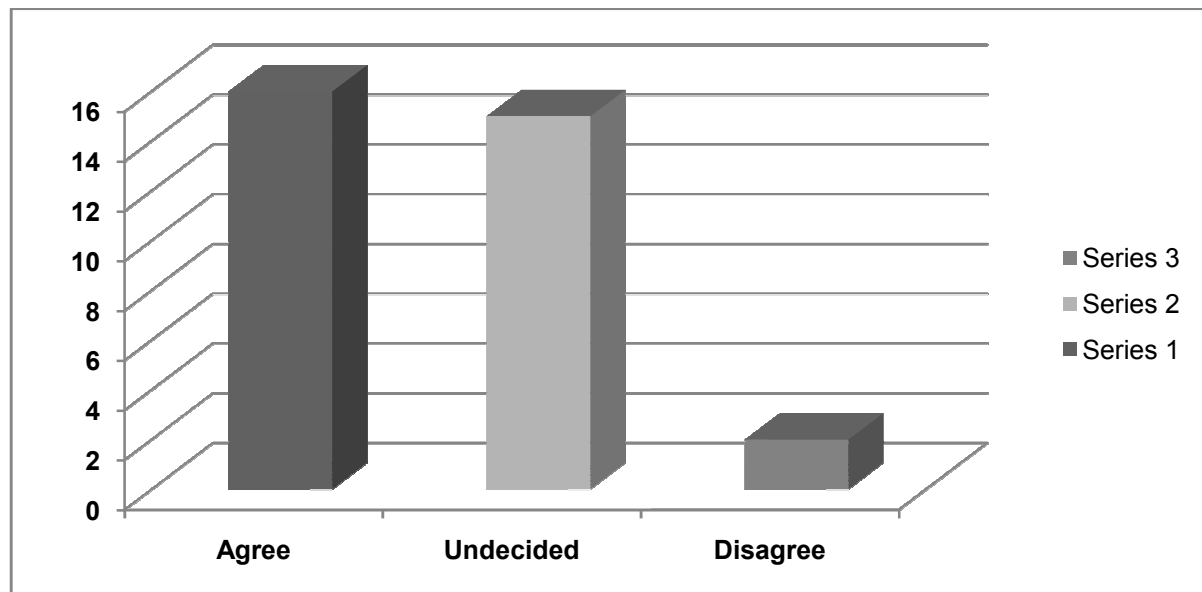


Figure 5.3 Human Resource Policies and Practice and the Achievement of Harmonious Relations / Employee Survey Results.

A large number of the employees believed that human resource policies and practices affected harmonious relations. Of the 33 respondents, 16 felt that human resource policies and practices impacted harmonious relations, 15 were undecided and only 2 disagreed. This indicates the important role that company policy and practice plays in achieving harmonious employee relations.

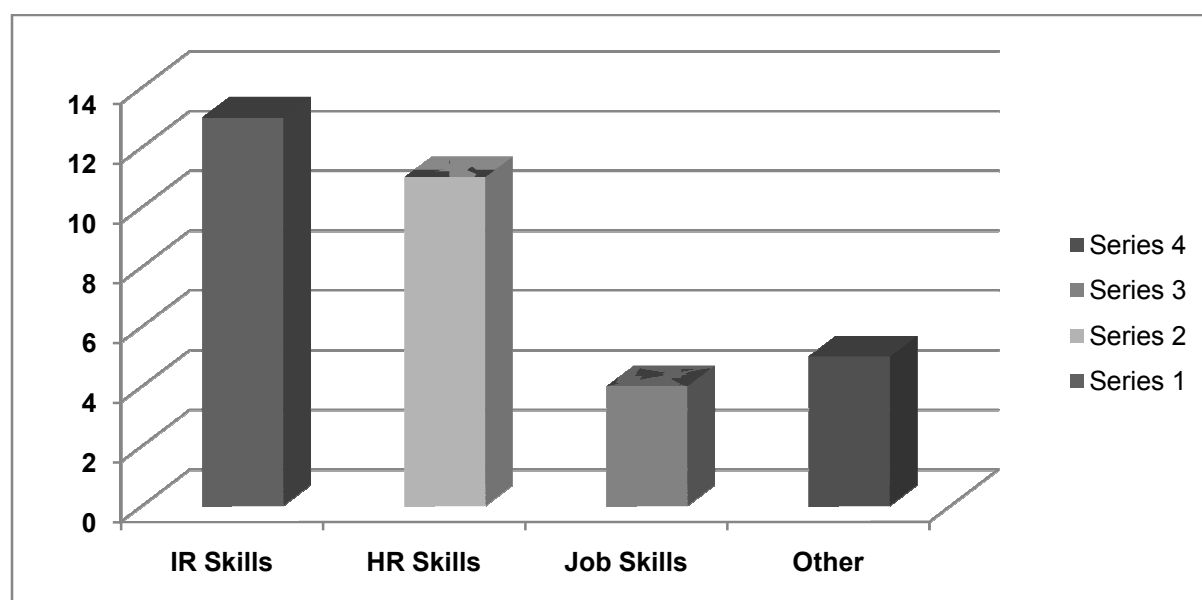


Figure 5.4 Management Training Requirements / Employee Survey Results.

Figure 5.4 displays the primary areas in which employees believed managers needed to improve their skills and training. Most employees felt managers needed to improve IR skills followed by HR skills. Many employees identified IR skills as HR skills in the survey and for this reason IR and HR skills can be seen as synonymous. Some employees identified functional skills as a limitation among managers and a small portion identified other skills that had no relevance to this research. These findings strongly supported a need to improve both human resource management skills and industrial relations management skills amongst managers at ABC (Pty) Ltd.

5.4.2 Manager Interview Questionnaires

Category Evaluation	Agree	Undecided	Disagree
Managers understand company IR and HR policies and practices	1	1	5
Employment relations effects organisational performance	2	3	2
Policies at ABC (Pty) Ltd. promote harmonious employment relations	4	1	2
ABC (Pty) Ltd. has a suitable employment relations policy	4	1	2

Figure 5.5 Coded Summaries of Manager Interview Results

The results of the manager interviews were posted coded into four primary categories for research analysis purposes as follows:

- An understanding of IR and HR policies and practices.
- Employment relations and its effect on organisational performance.
- Employment relations and its effect on achieving harmonious employment relations, and
- The suitability of employment policy at ABC (Pty) Ltd.

The post coded results of the manager interviews strongly indicated that most managers did not fully understand company IR and HR policies. Managers were undecided or disagreed that employment relations effected organisational performance which is a similar finding to the employee survey. A notable finding was that most managers felt policies and practices at ABC (Pty) Ltd. suitably promoted harmonious relations which was contrary to the employee findings. Managers further felt that ABC had suitable employment relations policies, yet most indicated that they did not fully understand the policies, highlighting the need for training. There is a clear disparity between managers and employees on the suitability of employment policies. Most managers indicated that employment policies and practices were suitable, yet most employees felt they were not.

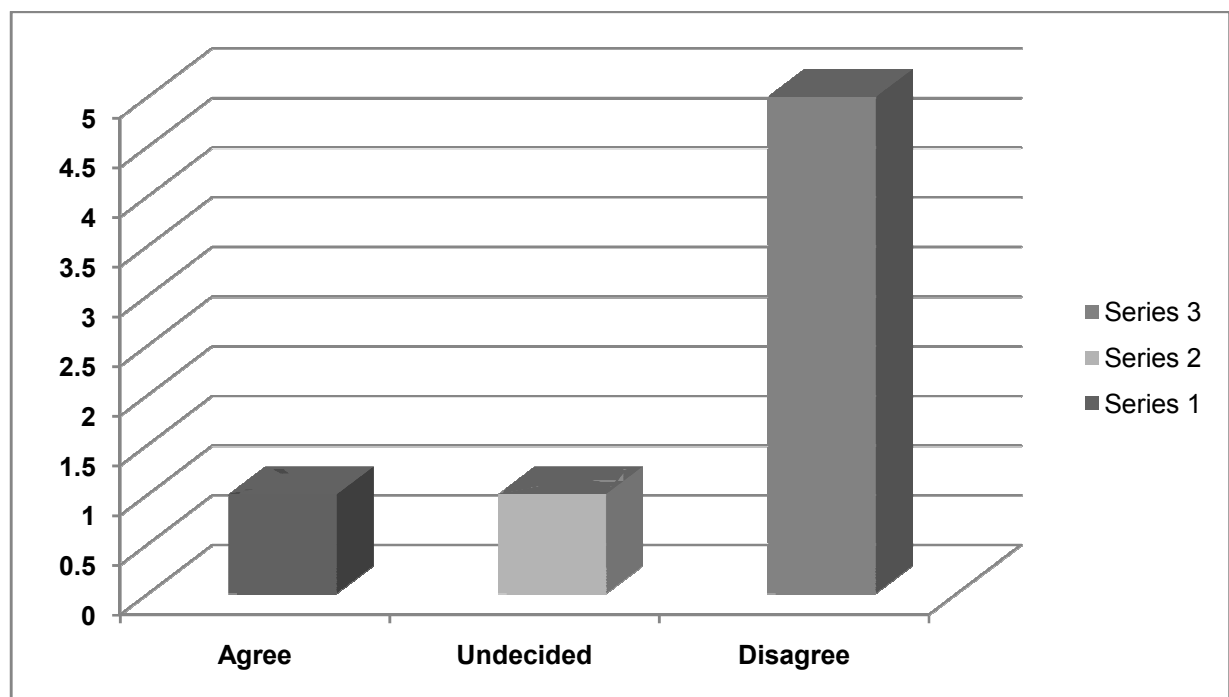


Figure 5.6 IR/HR Policy and Practice Understanding / Manager Interview Results.

In figure 5.6 managers strongly indicated that they did not understand both the company industrial relations policy and human resource policy of the company. Most managers had not received any formal training and in many cases had not seen a copy of the industrial relations and/or human resource policies within ABC (Pty) Ltd.

The primary finding being that although many managers felt that human resource and labour policies were adequate most had not actually read or been trained on

these policies. Most managers had acquired their understanding of labour and human resource policies from secondary sources or as hearsay from other managers.

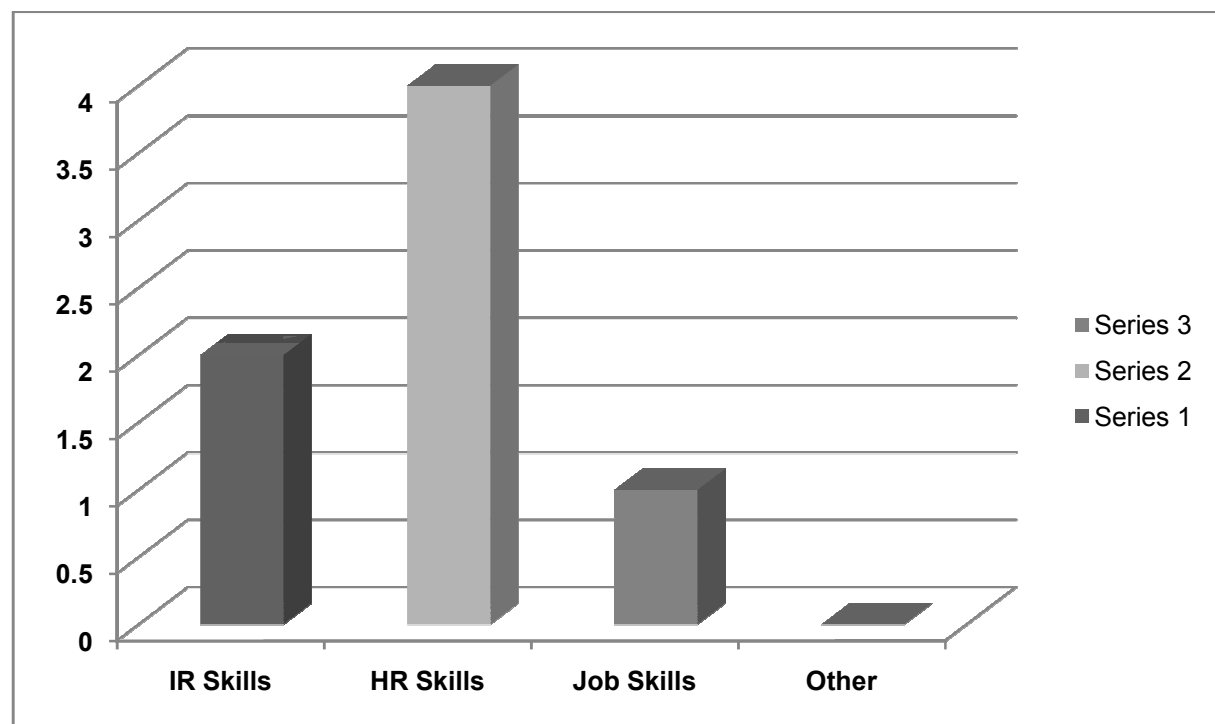


Figure 5.7 Management Training Requirements / Manager Interview Results.

Figure 5.7 identifies the skills and training managers indicated that they required to better manage employment relations within the organisation. Most managers felt that they would benefit from human resource management skills followed by industrial relations skills.

Most however could not clearly identify the differences between human resource management skills and industrial relations skills, highlighting the training need and necessity to define clear policies pertaining to IR and HR company practices.

The differing opinions and perspectives between employees and managers at ABC (Pty) Ltd. regarding IR and HR policies and practices identifies a clear need for both developing suitable policies and training managers on the application and practice of these policies. The achievement of harmonious employment relations is unlikely if managers and employees do not have a common agreement regarding policies and practices at ABC (Pty) Ltd. Employees, who are the most likely to be affected by

poor labour practices must both understand these policies and practices and should ideally have contributed to their development.

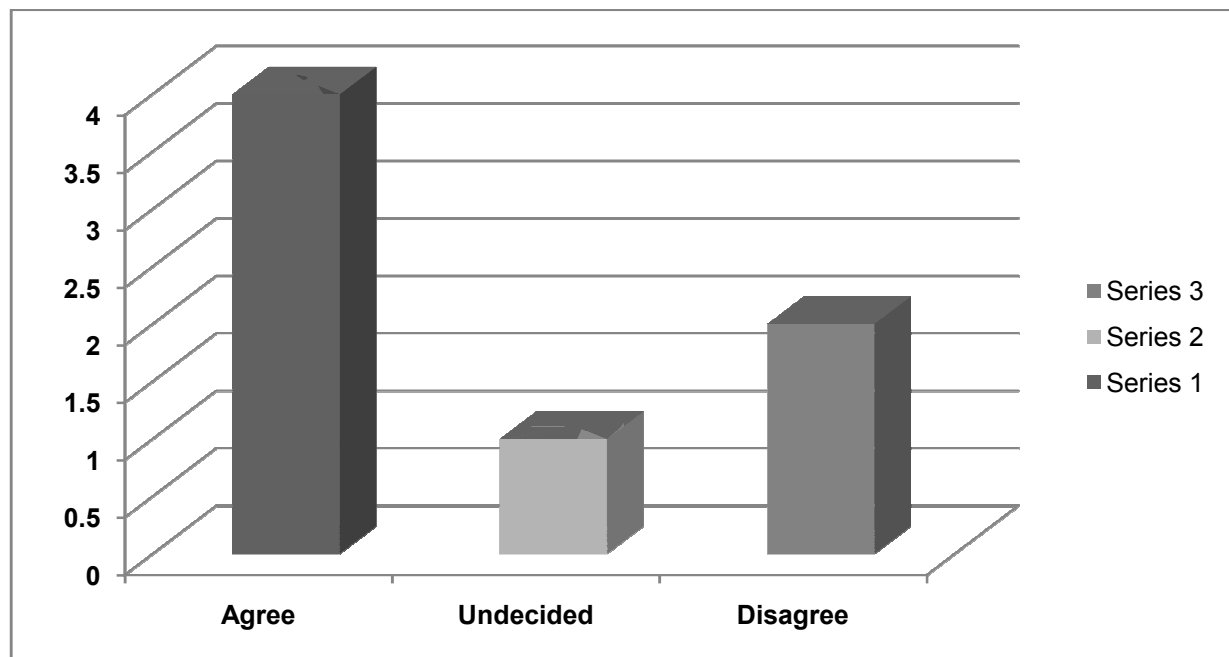


Figure 5.8 IR/HR Policies and Practices Promote Harmonious Employment Relations / Manager Interview Results.

Most managers believed that IR and HR policies and practices promoted harmonious employment relations within ABC (Pty) Ltd. However when further questioned about why they believed this, answers were vague and limited to their poor understanding of what suitable HR and IR policies should achieve. This highlights once again the limited understanding and inappropriateness of current policies and practices within ABC (Pty) Ltd.

5.4.3 Organisational Documentation Review and Data Collection

Based on the data collected from 15 random companies with similar demographics to that of ABC (Pty) Ltd. the following findings were determined. The data collected was specific to the number of labour disputes referred to mediation and arbitration institutions and the number of trained managers in the organisation. Data was tested for normality figure 5.9 and was determined normal with a P-Value of 0.027 a P-Value greater than 0.05 was considered normal. The fitted line plot figure 5.10 displays an R-Sq. (adj) value of 81.8% meaning that training had correlation with 81.1% of cases referred to mediation and arbitration institutions.

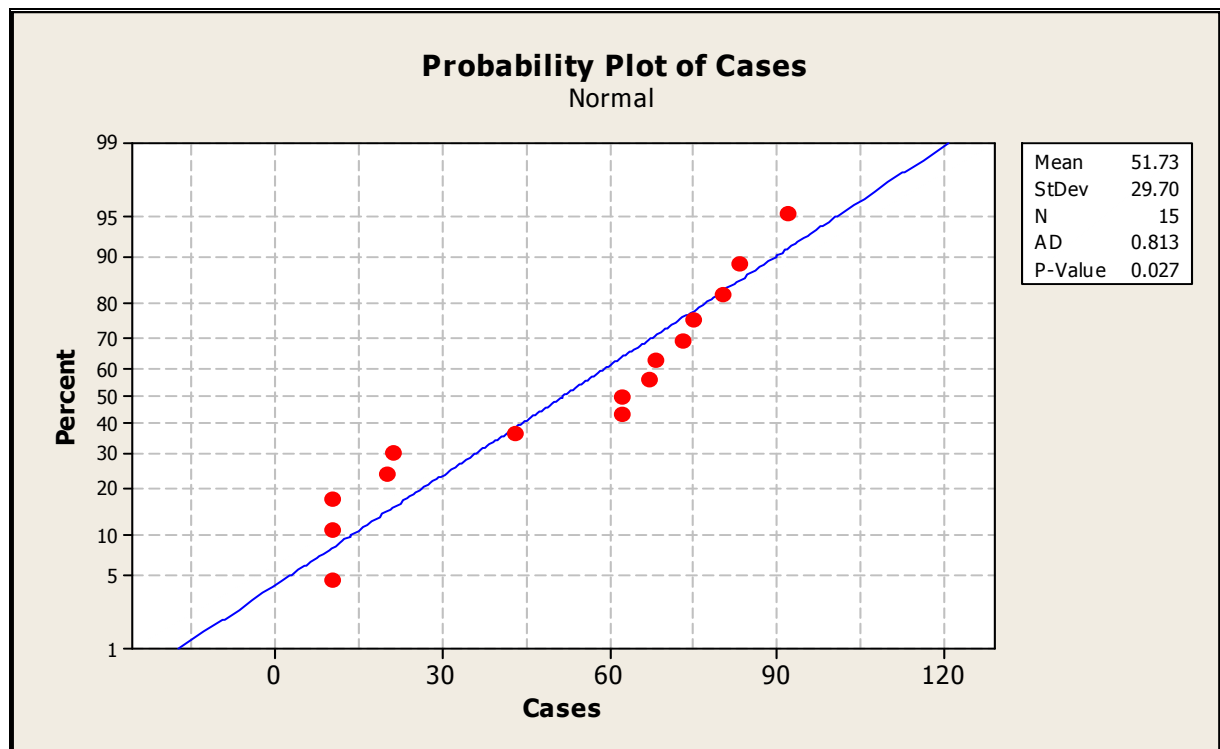


Figure 5.9 Normality Test (Minitab Statistical Software).

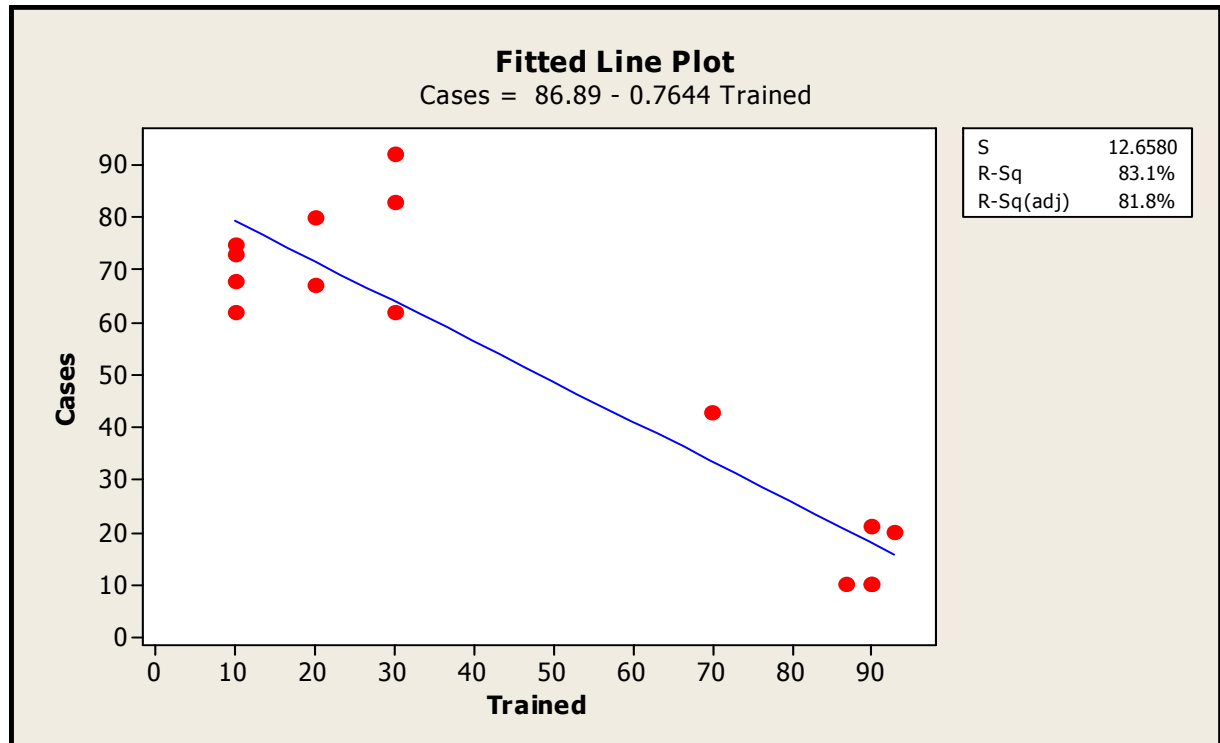


Figure 5.10 Fitted Line Plot (Minitab Statistical Software).

The organisations that had a higher number of trained managers resulted in fewer referrals than those with a lower number of trained managers. However many of these organisations used a labour broker to facilitate labour process within their business. These labour brokers were highly skilled in industrial relations and therefore it can be concluded that suitable skills in industrial relations contributed to lower levels of dispute and by virtue of this, better employment relations.

CHAPTER 6 – CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This research investigated industrial relations management practices at ABC (Pty) Ltd. Industrial relations management over the past five years has become a highly litigious issue resulting in strained relations and increased employee conflict.

The problem statement proposed that the training of managers on an appropriate labour relations management policy was critical for achieving harmonious labour relations at ABC (Pty) Ltd. The approach taken in this research was three fold, firstly to consider this problem statement at a higher level of complexity and investigate contributing factors beyond the obvious, secondly to consider expert opinion through a literature review and thirdly to conduct research on the subject within ABC (Pty) Ltd.

6.1.1 Conclusions of the Theoretical Frameworks

What appeared very clear in the theoretical frameworks finding was the overall complexity of this subject and that both human resource management and industrial relations were not isolated topics. Organisational performance for example, a primary concern for any organisation today, was largely impacted by human endeavour and human effort was in turn largely impacted by organisational policy. Therefore, one finds that policy defines employment relations and contributes significantly to determining harmonious employment relations. Further to this one found that the development of suitable policy and practice could be significantly disrupted or ultimately be ineffective if suitable communication structures were not addressed.

When developing policy, consideration must be given to the various agendas and competing interests within the organisation. In other words, it was determined that employees and managers often had differing interests and these interests needed to be considered with various trade-offs being agreed on in order to successfully achieve a state of harmony within the business. The management style within the organisation was identified as a significant factor in the overall approach to employment relations. In order to successfully promote and pursue effective

employment relations a collaborative approach to organisational management was necessary. Suitable policy and practice is therefore born of a collaborative and participative management approach. One might go as far as saying that without a management style built on these underlying principles and practices, labour policies would become superficial and training would be pointless.

6.1.2 Conclusions of the Literature Review

Human resource policy is considered integral to labour relations. However effective labour relations policy cannot be achieved without effective human resource policy thus broadening the requirement for the development of suitable labour policy. The legislative and legal dimension of labour relations, which defines the rights and obligations and makes up a significant portion of what must be considered when formulating, interpreting and developing suitable labour policy must be taken into consideration. Further to this is the fact that the key role players with their differing interests must be considered, as these role players define the employment relationship and ultimately shape the organisational employment policy.

The employment relationship however extends beyond merely defining rights and obligations which has historically been the primary scope of past practice to now include the balancing of a range of employee, employer and state interests. This has changed the complexity of this subject significantly and made the achievement of both suitable policy and harmonious employment relations far more complex. These interests coupled with the introduction of unions, legislative frameworks, globalisation and increasing market pressures, have made the development of suitable labour policy vital for the continued success of any modern organisation. What therefore resonates strongly in the findings of this research is that policy formulation now needs to include human motivation, the integration of human resource policies with labour policies and the development of policies that both address globalisation and the attainment of organisational competitiveness through collaborative and participative human resource management. Achieving market competitiveness requires competent and effective human resources more than ever. Furthermore, it is organisational policy and practice that more than likely determines this reality. Harmonious relations are the result of suitable policy and practice and for

this reason the development of a suitable employment policy must become a critical component within any organisation. The development of a suitable employment policy must consider the complexity of the 'human' portion of human resources when being formulated. This means that the needs of employees must be considered with the focus being on participative policy formulation geared towards improvements in working life, such as working hours, fairness in practice, training, development and flexible wage negotiations. Globalisation and single organisational policies must be considered as these policies often cannot transcend borders due to the differences in the environment and structures of the business.

6.1.3 Research Conclusions

Both employees and managers have a limited understanding of company policies and procedures. This limited understanding is the result of two reasons; firstly, no suitable policy exists within the ABC (Pty) Ltd. and secondly no training is conducted on human resource policies. Induction does not include the discussion or distribution of any company human resource policies within the organisation, resulting in a poor understanding of company policy. Employees were unable to reference any policy and for this reason often felt that managers did not follow any form of fair practice, as managers who also did not understand or have any referable policy would apply practices that they had acquired through incorrect practices or which they had learned on the job or from line managers who also had a limited and poor understanding of labour policy.

This differing and often incorrect application of what managers believed to be correct labour policy often led to the described conflict situations mentioned earlier; resulting in the unfair practices that employees mentioned during the research. The inability of employees and managers to differentiate between IR and HR policies also supports the finding of a limited understanding displayed within the organisation. A manager that fully understood industrial relations would be able to differentiate this aspect from human resource policy and practice. Managers indicated that current labour policies promoted harmonious employment relations within the organisation while employees indicated that labour policies did not promote harmonious employment relations. This differing perspective highlights the need to develop a suitable and

agreed set of policies for managing employment relations. Managers who mostly enforce the policy fail to consider the fairness and suitability of these current policies and practices resulting in strained labour relations, continued conflict and often unfair practices that promote strained relations within the organisation.

Results obtained from the documentation review within similar organisations clearly highlighted that training was positively correlated with labour practices. The results indicated that organisations that either had trained managers or used outsourced professional organisations to manage their labour practices had significantly lower referrals to conciliation, mediation and bargaining councils.

6.2 SUMMARY OF CONCLUSIONS

The following can therefore be concluded in summary:

- Human resource policy is the foundation for the development of effective labour relations policy. Neither can be viewed in isolation and should be considered as interlinking functions when developing employment policy.
- Organisational performance is correlated with human resource policy; ineffective human resource policy and practice can negatively impact performance.
- Company management style has a notable influence in determining company policy. Unsuitable styles of management will result in poor policy making with the result that the achievement of harmonious relations becomes unlikely.
- Labour policy encompasses a large legal and/or legislative portion that must be considered to ensure compliance with various statutory and legislative rules.
- Labour policy today extends beyond traditional criteria's such as wages, working conditions and working rules to include social and human needs.
- Managers and employees of ABC (Pty) Ltd. have a limited understanding of company IR and HR policies as no suitable policy has been published and no training or communication has taken place.
- Managers are not suitably skilled in IR or HR practices, resulting in strained employee relations and on-going conflict between managers and employees within the business.
- Should a suitable policy not be developed without any comprehensive training taking place, employment relations will continue to deteriorate at ABC (Pty) Ltd.

6.3 RECOMMENDATIONS

Based on the findings and subsequent conclusions determined within this research paper the following recommendations are presented for consideration by the executive management:

- Further research must be conducted over the next five months to determine the requirements for developing a suitable human resource policy. This research must consider the associated relationship that exists between IR and HR as mentioned in this research.
- Employee inclusion must occur once this further research has been conducted and a framework has been determined. This inclusion must be consultative and consist of a representative committee elected by both the management and employees of ABC (Pty) Ltd. This committee must conduct the necessary dialogue needed to determine what should and should not be included in the ABC (Pty) Ltd. human resource policy which will include IR policy.
- The appointment of a labour and human resource consulting company to support policy development and training for a period of six months. This company should facilitate the training process and offer valuable input into the necessary requirements for employment policy formulation. This company can also mediate dialogue between the appointed representatives within the committee and assist in creating the framework for an effective and collaborative forum.
- The formation of an evaluation committee represented by various key employees and managers to address management practice and culture within the organisation. This committee should be formed on a permanent basis and focus on addressing organisational issues on an on-going basis, acting as a vehicle to create co-operative employee involvement as well as improve collective thinking and participation necessary for improving corporate competitiveness. Members of this committee should be re-appointed every six months to avoid complacency and improve energy and creative thinking

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APPENDICES

Exhibit E1

MANAGER INTERVIEW QUESTIONNAIRE

MANAGER INTERVIEW QUESTIONNAIRE ABC (Pty) Ltd

The following questionnaire interview has been developed to evaluate management perspectives on employment relations and practices within ABC (Pty) Ltd. This questionnaire is divided into three categories.

1. Labour Policies and Practices – Section 1
2. Employment Relations – Section 2
3. Organisational Human Resource Practices – Section 3

Answering rules and instructions: This questionnaire is presented using a semi-structured questions and answers format. When answering the structured questions the interviewer must record the interviewee's chosen answer by circling the correct choice with a black ballpoint pen. When recording the unstructured questions the interviewer must write this answer in block letters in the space provided and read the response to the interviewee for clarification.

Interviewer's name: _____ Coded Name: _____

Interviewee's name: _____ Coded Name: _____

Interviewee's designation: _____ Coded Designation: _____

Interviewee's Location: _____ Coded Location: _____

Date and Time of Interview: _____

Declaration of Consent: I, _____ agree to be interviewed for the purpose of this research and accept that my identity and/or rights will be protected and remain anonymous both during and after this interview.

The following definitions may be useful when conducting this interview:

Employee: All members of staff employed by ABC (Pty) Ltd

Manager: A senior employee that holds the designation of manager in their portfolio

HRM Policy and Practice: Human Resource Management Policy and Practice

IR Policy and Practice: Industrial Relations Policy and Practice

Grievance: A process for resolving management and employee disputes

Protocols: Company policies, practices and/or formal methods of doing things

Disciplinary Process: The procedure followed for disciplinary proceedings

Induction: The documentation and process one goes through when employed

Note: This exhibit is an embedded PDF file and can be viewed in its full content by double clicking anywhere on the file object.

Exhibit E2

EMPLOYEE SURVEY QUESTIONNAIRE

EMPLOYEE SURVEY QUESTIONNAIRE ABC (Pty) Ltd

The following questionnaire survey has been developed to evaluate organisational employment relations and practices within ABC (Pty) Ltd. We therefore ask you to complete the following questionnaire for research purposes. This questionnaire is divided into three categories.

1. Labour Policies and Practices – Section 1
2. Organisational Management – Section 2
3. Organisational Human Resource Practices – Section 3

Answering rules and instructions: This questionnaire is presented using two formats. Likert Scales and Open Ended Questions. When answering the Likert Scale questions please circle your choice with a black ballpoint pen. When answering the open ended questions at the end of each section please use a black ballpoint pen and clear block letters.

Thank you for taking the time to complete this questionnaire. This information will only be used for internal company reporting purposes. Participation in this questionnaire is voluntary. This survey should take approximately 15 minutes of your time to complete.

The following definitions may be useful as you answer questions in this survey:

Employee: All members of staff employed by ABC (Pty) Ltd

Manager: A senior employee that holds the designation of manager in their portfolio

HRM Policy and Practice: Human Resource Management Policy and Practice

IR Policy and Practice: Industrial Relations Policy and Practice

Grievance: A process for resolving management and employee disputes

Protocols: Company policies, practices and/or formal methods of doing things

Disciplinary Process: The procedure followed for disciplinary proceedings

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